

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF APM INDUSTRIES LIMITED
Report on the Audit of the Financial Statements**

1. Opinion

We have audited the accompanying financial statements of APM Industries 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 and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the 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 ("the 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, ("IndAS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

3. 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, 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.

Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue from sale of products (As described in Note 3.5 of the financial statements)</p> <p>Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.</p> <p>The revenue is one of the key profit drivers. The terms of sales arrangements, including the timing of transfer of control, delivery specifications create complexity and judgement in determining timing of sales revenues.</p> <p>Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from Contracts with Customers', it was determined to be a key audit matter in our audit of the financial statements.</p>	<p>Following audit procedures have been performed:</p> <p>Assessed the design and tested the operating effectiveness of internal controls, automated and manual related to revenue recognition.</p> <p>Performed sample test of individual sales transaction and traced to sales invoices, sales orders and other related documents. Checked that the conditions for revenue recognitions are satisfied.</p> <p>Performed inventory reconciliations, substantive testing for cut-offs confirmation of receivables balances and analytical procedure.</p> <p>Assessed the relevant disclosures made within the financial statements.</p>

4. Information Other than the Financial Statements and Auditor's 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 Management Discussion and Analysis, Board's Report including its

Annexures, Corporate Governance and Shareholder's information but does not include the financial statements and our auditor's report thereon. Other Information as described in above paragraph is expected to be made available to us after the date of this Auditors' Report.

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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Management Discussion and Analysis, Board's Report including its Annexures, Corporate Governance and Shareholder's information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance to correct the same. If material misstatement of the other information remains uncorrected, we may take appropriate action considering our legal rights and obligations, to seek and have the uncorrected misstatement appropriately brought to the attention of the user for whom the Auditor's Report is prepared

5. 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 financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS 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 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 statements 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 responsible for overseeing the Company's financial reporting process.

6. 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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 financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 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 communications.

7. 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 in terms of Section 143(11) of the Act, 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, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS 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 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 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". Our report expresses 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 company has paid the remuneration to

its directors during the year as per section 197 read with schedule V of the Companies Act, 2013.

- 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, as amended 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 37 of the Financial Statements.
 - ii. the Company has made provision, as required under the applicable law or accounting standards for material foreseeable losses. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration No. 307068E

ANUJ MAHANSARIA
Partner

Membership No. 500819

New Delhi

June 20, 2019

ANNEXURE "A" REFERRED IN INDEPENDENT AUDITORS REPORT OF EVEN DATE

The Annexure referred to in Independent Auditors' Report to the members of APM Industries on the Financial Statements for the year ended March 31, 2019, we report that:

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. These Fixed assets have been physically verified by the management during the year pursuant to a regular programme designed for physical verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. According to the information and explanation given to us, title deeds and lease agreements of the immovable properties have been mortgaged as security with lenders i.e. banks for security of the borrowings raised by the Company. On the basis of our examination of the records of the Company and the copies of the title deeds and lease agreements available with the Company, the title deeds and lease agreements of immovable properties are held in the name of the Company.
- ii. Physically verification of inventories has been conducted at reasonable interval by the management and no material discrepancies were noticed.
- iii. According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms, LLP firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the clause iii (a), (b) and (c) of paragraph 3 of the Order are not applicable to the Company.
- iv. According to the information and explanation given to us, the company has not, directly or indirectly, advance any loan, including any loan represented by a book debt, to any of its directors or to any other person in whom the directors are interested or give any guarantee or provide any security in connection with any loan taken by him or such other person. The Company had complied with the provision of Section 186 of the Companies Act, 2013 regarding investment and loan.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. Accordingly, the clause (v) of paragraph 3 of the Order is not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company specified by the Central Government under Sub Section (1) of Section 148 of the Companies Act, 2013 and rules thereunder and are of the opinion that prima facie the prescribed cost records have been made and 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. The Company is regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Good and Service Tax, Customs Duty, cess and other statutory dues, as applicable with the appropriate authorities and there are no undisputed statutory due outstanding at year end for a period of more than six months from the date they became payable.
- b. According to the information and explanation given to us, there were no disputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax or cess as at March 31, 2019 except:

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which amounts relates	Forum where dispute is pending	Remarks
The Central Excise Act, 1944	Excise Duty	138	FY 2016-17	Commissioner (Appeal)	Adjustable from GST Input Tax Credit Balance
Finance Act, 1994	Service Tax	7	FY 2015-16 FY 2016-17	Commissioner (Appeal)	
The Central Excise Act, 1944	Excise Duty	3	April 2017 to June 2017	Assistant Commissioner	

- viii. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any bank. The Company has not taken any loans or borrowings from Financial Institutions and Government and has not issued any Debentures.
- ix. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer during the year. The term loan availed during the year were applied for the purpose for which term loan was taken.
- x. According to the information and explanation given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approval mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
- xii. The company is not a Nidhi Company. Accordingly, the clause xii of paragraph 3 of the Order is not applicable to the Company.
- xiii. The company has complied with the provisions of the sections 177 and 188 of the Companies Act, 2013 and has disclosed the details in the Financial Statements as required by the applicable accounting standard with respect to the transaction with the related parties during the year.
- xiv. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year under review. Accordingly, the clause xiv of paragraph 3 of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us, the company has not entered into any non-cash transaction with directors or person connected with them. Accordingly, the clause xv of paragraph 3 of the Order is not applicable to the Company.
- xvi. The company is not required to be registered under section 45 –IA of Reserve Bank of India Act, 1934. Accordingly, the clause xvi of paragraph 3 of the Order is not applicable to the Company.

For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No. 307068E

ANUJ MAHANSARIA

Partner

Membership No. 500819

New Delhi
June 20, 2019

Annexure-B REFERRED IN INDEPENDENT AUDITORS 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 "APM INDUSTRIES LIMITED ("the Company") as of March 31, 2019 in conjunction with our audit of the 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, both 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. 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, 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, 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 CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No. 307068E

ANUJ MAHANSARIA

Partner

Membership No. 500819

New Delhi
June 20, 2019