INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS

To the Members of
OPAL LUXURY TIME PRODUCTS LIMITED

Report on the Financial Statements

Qualified Opinion

We have audited the accompanying Standalone financial statements of ***OPAL LUXURY TIME PRODUCTS LIMITED ("the Company")*** which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 matter described in the Basis for Qualified Opinion paragraph the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view inconformity with the accounting principles generally accepted in India

a. In case of Balance Sheet, of the state of affairs of the Company as on 31st March, 2019;

b. in case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

c. In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 Companies Act, 2013 and the Rules there under, 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 subject to following:

- **There are no provisions for slow / non-moving inventory outstanding in excess of one year aggregating to Rs 300 lakhs approximately, had the same been recognized the loss would be higher by Rs 300 lakhs.**

- **The Company has been classified as Non-Performing Asset as on October 17, 2018 due to non-payment of dues and has reported losses in last the three years significantly eroding its net worth.**

These factors may cast significant uncertainty for the company to continue as a going concern. However, the financials have been drawn under the assumption of going concern under the pretext *that the management is under negotiation with the bankers for a resolution/revival plan.*

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone 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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2" align="center">Inventory Valuation</td></tr>
<tr><td>At 31 March 2019, Company held inventories of 693.14 lakhs. Inventory valuation was an audit area focus because the judgment applied in valuation of inventory to incorporate provision for non-moving & slow moving inventory.
As described in Note No. 2.3 of financial statements, inventories are carried at the lower of cost and net realizable value on a weighted average basis.
The Company has system and processes including inventory register to accurately record inventory moments. Management has physically verified all major items and the discrepancies noticed on verifications were appropriately dealt with.
These are judgment areas applied in assessing level of provision for non-moving & slow moving inventory. The level of provision is based on historical inventory counts and stock take provisions trend.</td><td>We performed a number of audit procedures over inventory existence and valuation. We:
Tested that inventory on hand at the end of period was recorded at the lower of cost and net realizable value by testing sample of inventory with the most recent retail price.
Assessed the provision for non-moving & slow moving inventory by reviewing the level of inventory written down during the period. We tested the provision rate used to calculate the provision for each class of inventory since the last stock take by comparing it to actual provision rate in prior period.
Held discussion with management, to understand and corroborate the assumptions applied in estimating inventory provisions
Evaluated key assumption made by management that current provision levels were consistent with historic levels through an analysis of inventory items by category age and the level of inventory write-downs in these categories during the period and compared to prior period
From the procedures performed, We have reported in our opinion that there are no provisions for slow / non-moving inventory outstanding in excess of one year aggregating to Rs 300 lakhs approximately. Had the same been recognized the loss would be higher by Rs 300 lakhs.</td></tr>
<tr><td colspan="2">Recoverability assessment of trade receivables</td></tr>
</table>

• Company has net trade receivables of 601.21 lakhs after providing for doubtful receivables of 583.06 lakhs as at 31st March, 2019. • Trade receivables of the Company comprise mainly receivables in relation to the Company's (i) bulk trading business regarding the sale of wall clocks and other products, and (ii) sales to retail outlets of wall clocks and other related products. • Due to change in selling strategy of the company, receivables from the previous bulk trading business are outstanding for a pro-longed period and are exposed to potential risk which may lead to financial loss. • The recoverable amount was estimated by management based on their specific recoverability assessment on individual debtor with reference to the aging profile, historical payment pattern and the past record of default of the customer. Management would make specific provision against individual balances with reference to the recoverable amount. • For the purpose of assessment, significant judgments and assumptions, including the credit risks of customers, the timing and amount of realization of these receivables, are required.	We have performed the following procedures in relation to the recoverability of trade receivables: • Tested the accuracy of aging of trade receivables at year end on a sample basis; • Obtained a list of outstanding receivables and identified any debtors with financial difficulty through discussion with management • Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers, publicly available information and latest correspondence with customers and to consider if any additional provision should be made; and • Tested subsequent settlement of trade receivables after the balance sheet date on a sample basis, if any. We found the key judgments and assumptions used by management in the recoverability assessment of trade receivables are inadequate and reported the same in Emphasis of Matter Paragraph.

Information other than the financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Standalone Financial Statements and our auditors' report thereon. Our opinion on the Standalone 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 Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Responsibility of Management and Those Charged with Governance (TCWG)

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 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 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 also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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 economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs we exercise professional judgement 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.

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.

Emphasis of Matters

We draw the attention to the following

1. The company has been classified as Non-Performing Asset as on October 17, 2018 due to non-payment of dues and this may cast significant uncertainty for the company to continue as a going concern. However, the financials have been drawn under the assumption of going concern under the pretext that the management is under negotiation with the bankers for a resolution/revival plan.

2. The company has not paid statutory dues aggregating Rs 128.30 Lakhs

3. The company has not provided for the receivables aggregating outstanding for in excess of one year ascertaining the same as recoverable on due course of business

Our opinion is not modified based on the above.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"*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 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 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 with 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 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:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. 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 and on behalf of
Bharat J Rughani & Co
Chartered Accountants
Firm's registration number: 101220W

CA Akash Rughani
Partner
Membership number: 139664
Place: Pune
Date: May 29, 2019

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2019:

1) (a) The Company is in the process of updating the fixed asset register to show full particulars, including quantitative details and situation of fixed assets at vendor places, during the year the company has carried out an independent review of moulds situated at factory and vendor places.

(b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

(c) The title deeds of immovable properties are held in the name of the company.

2) a) The management has conducted the physical verification of inventory at reasonable intervals.

b) The Procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.

c) As explained to us, the company has been maintaining complete records of inventories as per the Statutory Rules. As informed, Management has physically verified all major items and the discrepancies noticed on verifications were appropriately dealt with. However, looking at the size of operation of the company, in above opinion the company needs to maintain more detailed stock records, in order to have better idea as to the utilization and maintenance of stocks.

3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

4) 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 Companies Act, 2013 In respect of loans, investments, guarantees, and security.

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) We have broadly reviewed the books of accounts maintained by the Company in respect of products where pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under specified under section 148(1) of the Act and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We,

however, have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

7) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been irregular 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 and any other statutory dues with the appropriate authorities, however, at the year end, the following statutory dues, for a period of more than six months are outstanding from the date on when they become payable:

Particulars	Amount(Rs.)
Service Tax Payable	4,40,039
EPF Liability	16,29,171
ESIC Liability	12,06,133
PTEC	4,063
Maharashtra VAT	19,49,045
Tamilnadu VAT	4,94,323
Uttarakhand VAT	6,49,546
Central Sales Tax	2,95,210
Goods and Services Tax	59,43,747
Income Tax Payable	4,92,090
TDS Payable	17,44,257
Total	**1,48,47,624**

b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, and rules made there under.

8) In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of dues to banks pertaining to working capital advances and they have been classified as Non-Performing Asset. Also, as on March 31, 2019 Letter of Credit (LC) aggregating Rs. 463.85 lakhs were lying devolved due to delay in payment by the company. The Company has not issued any debentures.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the 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;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

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 to the Company and hence not commented upon.

For and on behalf of
Bharat J Rughani & Co
Chartered Accountants
Firm's registration number: 101220W

CA Akash Rughani
Partner
Membership number: 139664
Place: Pune
Date: May 29, 2019

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of Opal Luxury Time Products Limited

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 Opal Luxury Time Products Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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.

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 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.

Qualified Opinion

According to the information and explanations given to us and based our audit, the following material weaknesses have been identified in the operating effectiveness of the holding Company's internal financial controls over financial reporting as at March 31, 2019

- The Company did not have an appropriate internal control system for inventory valuation and verification commensurate with its size of operation.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 financial statements of the Company, and these material weakness have affected our opinion on the financial statements of the Company we have issued a qualified opinion on the financial statements.

For and on behalf of
Bharat J Rughani & Co
Chartered Accountants
Firm's registration number: 101220W

CA Akash Rughani
Partner
Membership number: 139664
Place: Pune
Date: May 29, 2019