



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAMSON SEEDS LIMITED

Report on the Ind AS Financial Statements

Disclaimer of Opinion

*We were engaged to audit the Ind AS financial statements of **M/s Camson Seeds Limited (the Company)**, which comprise the balance sheet as at March 31, 2020, the statement of Profit and Loss, (the statement of changes in equity) and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.*

We do not express an opinion on the accompanying Ind AS financial statements of the company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Ind AS financial statements.

Basis for Disclaimer of Opinion

1. *The Inventory held by the company is carried at Rs.26.77 Crore which represents 63% of the company's total assets. During the year, the company has devalued/written off the inventory to the extent of Rs.40.29 crore for which we have not been provided with details and basis for such devaluation/written off. Due to the nature of inventory, we could not verify the quantity as well as value of the inventory held by the company as on 31.03.2020 and we could not satisfy ourselves about the correctness of quantity, quality and realisable value of inventory.*
2. *Out of the trade receivables worth Rs.131.76 lakh, we have not been provided with balance confirmation for trade receivables worth Rs.86.60 lakh and no provision has been made towards expected credit loss.*
3. *During the year, the company has reported Rs.406.87 lakhs under other income, being reversal of Employee benefits payable to ex-employees to the extent of Rs.169.93 Lakh, reversal of provision for scheme expenses made during earlier years amounting to Rs.127.32 Lakh, reversal of provision for inventory amounting to Rs.22.18 lakh, reversal of Gratuity provision amounting to Rs.5.15 Lakh, reversal of Leave encashment provision amounting to Rs.11.59 lakh, reversal of provision for interest on unsecured loan amounting to Rs.11.64 Lakh, reversal of travelling expenses amounting to Rs.9.37 Lakh, reversal of trade payables amounting to Rs.49.69 lakh. However, we have not been provided with valid basis and relevant supporting documents for these accounting treatments.*
4. *During the year, the company has reversed statutory dues payable to the extent of Rs.100.33 lakhs. As per the explanation provided to us, these amount are the withholding taxes pertaining to the provision for expenses reversed.*



5. *During the year, the company has reclassified free hold land at kotabagh having book value of Rs. 74.89 lakh from Tangible assets to current assets (Other current assets). We have not been provided with the relevant documents, valid basis for such reclassification. Hence, we are unable to comment on the correctness of reclassification and recoveribility of such current asset.*
6. *The company has not complied with Ind AS 116 – Leases, which is effective from April 1, 2019. We were not provided with the relevant details to assess the impact of non-compliance on the annual financial results.*

As a result of above mentioned matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories and accounts receivable, and other the elements which could affect the Statement of Profit and Loss and Cash Flow Statement

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph above, we have determined that there are no key audit matters to be communicate in this audit.

Information Other than the Ind AS 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 annual return, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the company's Ind AS financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Ind AS financial statements. We are independent of the company in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the company.

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 section 143(11) of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraph 3 and 4 of the order. read with paragraph, "Basis of Disclaimer opinion"
2. As required by Section 143(3) of the Act, we report that:
 - (a) As described in the Basis for Disclaimer of Opinion paragraph above, we sought but were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- (b) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph above, we are unable to state whether 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) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph above, we are unable to state whether the Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income) and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
- (d) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph above, we are unable to state whether the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, 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 disclaimer of opinion on the Company's internal financial controls over financial reporting;
- (g) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph above, we are unable to state whether the managerial remuneration for the year ended March 31, 2020 has been paid and provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph above, we are unable to state whether the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements.
 - ii. Due to the possible effects of the matter described in the Basis for Disclaimer of



Opinion paragraph above, we are unable to state whether the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. 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, Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph above we are unable to comment on whether the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For YCRJ & Associates
Chartered Accountants
Firm Registration No. 006927S



Place: Bangalore
Date: July 28, 2020

Yashavanth Khanderi
Partner
Membership No. 029066
UDIN 20029066AAAAFO2276



“Annexure A” to the Independent Auditors Report

(referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirements’ of our report of even date to the Ind AS financial statements of the Company for the year ended, 31st March 2020.)

As per the books and records produced before us and as per the information and explanations given to us and based on such audit checks that we considered necessary and appropriate, we confirm that:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) We have not been provided with the details of physical verification of fixed asset. Hence, we are unable to comment on sub clause (b) of clause (i) of paragraph 3 of the order
- (c) We have not been provided with lease deeds for the leasehold properties held by the company, hence we are unable to comment on sub clause (c) of clause (i) of paragraph 3 of the order.
- (ii) We have not been provided with Inventory verification report and details of basis of valuation of the inventories held by the companies. Hence, we are unable to comment on clause (ii) of paragraph 3 of the order.
- (iii) According to the information and explanation given to us, 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 Companies Act, 2013. Accordingly, 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 given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act. However, we have not been provided with detailed breakup for advances received from customers and their ageing. Hence, we are unable to comment on whether the company has accepted the deposits as per the Companies (Acceptance of Deposits) Rules, 2014 (as amended).
- (vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013.
- (vii) According to the information & explanation given to us, in respect of statutory dues:



- (a) The Company has not been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Service Tax (GST) and other statutory dues with the appropriate authorities.
- b) There are no dues of Income Tax, GST, Sales Tax, Service Tax, Excise Duty, Cess and other statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable, except for the following:

Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which amount relates	Forum where dispute is pending
Employee Provident Act, 1952	PF	27.84	Oct 2016 to Aug 2019	NA
Employee State Insurance	ESI	1.19	Jun 2017 to Aug 2019	NA
Income Tax Act, 1961	Sec 194C	0.16	Jan 2017 to Aug 2019	NA
Income Tax Act, 1961	Sec 194J	7.48	Jan 2017 to Aug 2019	NA

Also refer point no. 4 of Basis for Disclaimer of Opinion paragraph.

- c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2020 on account of dispute are given below:

Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Assessment u/s 271(1)(c)	618.00	AY 2015-16	DCIT
Income Tax Act, 1961	Assessment u/s 143 (3)	814.00	AY 2015-16	DCIT
Income Tax Act, 1961	Assessment u/s 143 (1a)	91.00	AY 2018-19	CPC



- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to banks and debenture holders. The Company did not have any outstanding dues in respect of a financial institution or to Government, during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer or debt instruments or term loans and hence reporting under clause (ix) of the order is not applicable.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph above, we are unable to comment on whether the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The company is not a Nidhi company and hence reporting under clause (xii) of the order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary, associate Company or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For YCRJ & Associates
Chartered Accountants
Firm Registration No. 006927S**

**Place: Bangalore
Date: July 28, 2020**

**Yashavanth Khanderi
Partner
Membership No. 029066
UDIN 20029066AAAAFO2276**



Annexure - B to the Auditors' Report

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 **CAMSON SEEDS LIMITED** as of 31st March 2020 in conjunction with our audit of the 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in the Basis of Disclaimer of opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over the financial reporting of the Company.

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 Ind AS 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 Ind AS 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 Ind AS 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.

Basis of Disclaimer of opinion:

1. *We have not been provided with the list of internal controls over financial reported existed at the company as on 31.03.2020. Hence we are unable to perform test of controls existed as at 31.03.2020.*
2. *We have not been provided with the internal audit report of the FY 2019-20*

Disclaimer of Opinion:

Because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraph, we do not have a basis to form an opinion on the internal financial controls over financial reporting. Accordingly, we do not express an opinion on the same.

We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the Ind AS financial statements of the Company for the year ended March 31, 2020 and the said disclaimer has affected our opinion on the said Ind AS financial statements of the Company and we have issued a Disclaimer of opinion on the Ind AS financials statements of the Company.

**For YCRJ & Associates
Chartered Accountants
Firm Registration No. 006927S**

**Place: Bangalore
Date: July 28, 2020**

**Yashavanth Khanderi
Partner
Membership No. 029066
UDIN 20029066AAAAFO2276**