

## Independent Auditor's Report

To,  
 The Members of,  
 M/s Emkay Taps and Cutting Tools Limited  
 Report on the standalone Financial Statements

### Opinion

We have audited the accompanying Standalone financial statements of M/s. Emkay Taps and Cutting Tools Limited (“the Company”) which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, and statement of cash flows for the year then ended, 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, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and profit/loss, and its 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 thereunder, 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.

### Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 statement 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.

That Board of Directors is also responsible for overseeing the company's financial reporting process

### Auditor's Responsibility 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.

### Report on Other Legal and Regulatory Requirements

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 Companies Act, 2013, we give in the Annexure “A” statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

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.

- a. 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
- b. 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
- c. 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.
- d. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- e. 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”.
- f. 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

Place: Nagpur

Date: 29/05/2018

For and on Behalf of  
**VIJAY AGRAWAL & COMPANY**  
Chartered Accountants  
FRN: 138350W

 **Vijay Agrawal**  
Partner  
Membership No. 031863

## Annexure – A - To The Independent Auditor's Report

The annexure referred to in our independent auditor's report to the members of Emkay Taps And Cutting Tools Limited (“the Company”), on the Financial Statements for the period ended 31st March 2018, we report that:

- i. In respect of Fixed Assets:
  - a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b) As per the policy of the Company physical verification of fixed assets is done, covering all the fixed assets, over a period of three years. In our opinion, having regard to the size of the Company and the nature of its operations, the frequency of verification is reasonable.
- ii. In respect on inventories
  - a) The inventories (excluding stocks with third parties) were physically verified during the year by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
  - b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company is maintaining proper records of inventory. There were no discrepancies noticed on verification between the physical stocks as compared to the book records.
- iii. The Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered under the registered maintained under section 189 of the Companies Act.
- iv. The Company has complied with all the provisions in respect of loans, investments and guarantees, whether provisions of Section 185 and 186 of the Companies Act, 2013.
- v. The directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, where applicable, have been complied with by the Company.
- vi. The company has not defaulted in repayment of any dues to a financial institution or bank or debenture holders.
- vii. We have broadly reviewed the books of accounts and records maintained by the Company relating to the products of the Company pursuant to the rules made by the Central Government for the maintenance of Cost records under sub section (1) of Section 148 of the Companies Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made detailed examination of the records with a view to determine whether they are accurate or complete.
- viii. In respect of statutory dues:

- a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it. There are no undisputed amounts payables in respect of the aforesaid dues as on 31st March 2018 for a period more than six months from the date of becoming payable.
- b) The Company has certain disputed statutory dues pending to be deposited as on 31st March 2018 in respect of provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it. The details of which are as follows:

Particulars	Year	Amount (in ₹)	Forum
Service Tax	2015-18 (Oct 2015 to June 2017)	Rs. 515788/-	Appeals

- ix. Moneys raised by way of public issue/ follow-on offer (including debt instruments) and term loans were applied by the Company for the purposes for which those are raised during the period under reporting.
- x. The Managerial Remuneration paid / provided by the Company is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act 2013.
- xi. During the period under reporting, No fraud by the company or any fraud on the Company by its officers/ employees has been noticed or reported.
- xii. The Company is not a Nidhi Company and hence provisions of Nidhi Companies of maintaining Net Owned Fund in the ratio of 1: 20 to meet out the liability and to maintain 10% liquid assets to meet out the unencumbered liability are not applicable to the Company. Accordingly, Para (xii) of the Order is not applicable.
- v. As per the information and explanations given to us the Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
- vi. As per the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the accounting standards and Companies Act, 2013.
- vii. The Company during the period under reporting has not entered into any non-cash transactions with directors or persons connected with him. Hence Para xv of the Order is not applicable.

Place: Nagpur  
Date: 29/05/2018

For and on Behalf of  
**VIJAY AGRAWAL & COMPANY**  
Chartered Accountants  
FRN: 138350W

 Vijay Agrawal  
Partner  
Membership No. 03186

## Annexure B - To The Independent Auditor's Report Of Even Date On The Standalone Financial Statements

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 Emkay Taps & Cutting Tools Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls 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 were 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.

### 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 March 31, 2018, based on 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.

Place: Nagpur  
Date: 29/05/2018

For and on Behalf of  
**VIJAY AGRAWAL & COMPANY**  
Chartered Accountants  
FRN: 138350W

 **Vijay Agrawal**  
Partner  
Membership No. 03186