



Choudhary Gupta & CO.

CHARTERED ACCOUNTANTS

Independent Auditor's Report

To,
The Members,
Saboo Sodium Chloro Limited,
Jaipur

Reports on the Financial Statements

We have audited the accompanying financial statements of Saboo Sodium Chloro Limited. ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, and the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and

plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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.

- (a) in the case of balance sheet, of the state of affairs of the Company as at 31st March 2018;
- (b) in the case of profit and loss account, of the profit for the year ended on that date except as appearing in clause 2(g) below; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal & Regulatory Requirement

As required by the Companies (Auditor's Report) Order, 2017 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by sub-section 3 of Section 143 of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid 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 the written representations received from the Directors as on March 31, 2018

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taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2018 from being appointed as a Director in terms of sub-section 2 of Section 164 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 an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting
- (g) The company has not complied with the mandatory AS-15 on Retirement Benefits (see note 1.9 on accounting policies) however impact not expected to be substantial, our opinion remain unmodified.
- (h) With respect to the other matters to be included in the Auditors’ 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:
 - 1. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the financial statements;
 - 2. There are no material foreseeable losses on long-term contracts including derivatives contracts on which provision is required to be made in the financial statements.
 - 3. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

*For M/s Choudhary Gupta & Co.
Chartered Accountant
(Firm Registration No. 003165C)
Ram Babu Gupta
(Membership No. 072138)*

Jaipur, May 30th, 2018



Choudhary Gupta & CO.

CHARTERED ACCOUNTANTS

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our report of even date)

Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section our report of even date to the members of SABOO SODIUM CHLORO LIMITED on the financial statements for the year ended 31st March 2018:

- i. (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
(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) With respect to immovable properties of acquired land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed/conveyance deed/court orders approving schemes of arrangements/amalgamations provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- ii. As explained to us, the management has conducted the physical verification of inventories at reasonable intervals. No material discrepancies were noticed on physical verification of the inventories as compared to books records
- iii. The Company has granted, during the year, unsecured advances to companies, firms, limited liability partnership or other parties covered in register maintained under section 189 of the Companies Act, 2013. As per the information and explanation given by the management the following advances have been made which is in addition to the current outstanding balance of Rs. 881.75 lacs. Tiger salts Pvt. Ltd.-85.41 lacs, Rajasthan Mega developers Pvt. Ltd. – Rs. 4.51 lacs, fortress Hotels & Resorts Pvt. Ltd.- Rs. 2.60 lacs, Nawa Hotels & Resorts Pvt. Ltd. – Rs.10.01 Lacs. Saboo Damodar Roapways Pvt.- Rs. 0.34 Lacs., Girdhar Gopal Saboo – Rs. 248.50 Lacs, Saboo Energy & Power Pvt. Ltd.- Rs.800, Nawa Salts Pvt Ltd – Rs.5800.
 - a) The terms and conditions of the grant of such loans are not prejudicial to the company's interest except to the extent that no interest is charged by the company.
 - b) The schedule of repayment of principal and payment of interest (n.a.) is not stipulated as the interest free loans are given on demand.
 - c) There are no overdue amounts.

- iv. In our opinion and according to the information and explanations given to us, during the year the company has made loans, investments, guarantees, and security as contemplated u/s 185 & 186 of the Companies Act, 2013. The details of the same is appearing in the point no. 31 as detailed above as also explained in note no. 31 of Related Party Transactions.
- v. According to the information and explanations given to us, 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, 2017 with regard to the deposits accepted from the public are not applicable. According to the information and explanations given to us, no Order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company
- vi. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company
- vii. (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 generally regular 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. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable.
- (b) On the basis of information and explanation given to us, details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31st March, 2018 on account of disputes are given below:

Annexure I

Name of the statute	Nature of dues	Amount Demanded	Amount Deposited	Period	Appeal Status
Income Tax Act,1961	Income Tax	Nil	Nil	AY 08-09	Pending before Hon'ble ITAT
Income Tax Act,1961	Income Tax	5150	Nil	AY 12-13	Pending before CPC
Income Tax Act,1961	Income Tax	6055390	Nil	AY 13-14	Pending before AO
Vat	Vat	184800	Nil	AY 16-17	Pending before CTO
Cst	Cst	129780	Nil	AY 16-17	Pending before CTO
ET	ET	1435791	717896	AY 14-15	Pending before CTO
ET	ET	356250	178124	AY 15-16	Pending before CTO
ET	ET	312403	Nil	AY 16-17	Pending before CTO

ET	ET	1475461	Nil	AY 15-16	Pending before CTO
Income Tax Act,1961	TDS	8698.50	Nil	AY 18-19	Pending before AO
Income Tax Act,1961	TDS	6716.00	Nil	AY 17-18	Pending before AO
Income Tax Act,1961	TDS	36727.50	Nil	AY 16-17	Pending before AO
Income Tax Act,1961	TDS	294451.00	Nil	AY 15-16	Pending before AO
Income Tax Act,1961	TDS	430754.98	Nil	Prior Years	Pending before AO

*Though this year there are no tax implications in this year but in the subsequent years it may have tax implication to the tune of appx. Rs.157.32 lacs.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders
- ix. 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.
- x. 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.
- xi. 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
- xii. 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.
- xiii. 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 note 33 of Financial Statements as required by the applicable accounting standards.
- xiv. Based upon the audit procedures performed and the information and explanations given by the management, Company has made preferential allotment of 50,00,000 equity shares @ Rs. 10/- each during the year under audit. Such allotment was made in compliance with provisions of section 42 of the Companies Act, 2013 and other applicable provisions including SEBI (ICDR) Regulations, 2009. According to the information and explanations given to us and on the basis of our examination of the records of the Company the funds so received on such allotment has been utilized for the purposes for which it was raised.
- xv. Based upon the audit procedure performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with

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directors or persons connected with him as covered under section 192 of Companies Act, 2013. Accordingly, the provisions of clause 3(xv) of the order are not applicable to the Company and hence not commented upon.

- xvi. 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 M/s Choudhary Gupta & Co.
Chartered Accountant
(Firm Registration No. 003165C)
Ram Babu Gupta
(Membership No. 072138)*

Jaipur, May 30th, 2018



Choudhary Gupta & CO.

CHARTERED ACCOUNTANTS

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section our report of even date to the members of SABOO SODIUM CHLORO LIMITED on the financial statements for the year ended 31st March 2018

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 Saboo Sodium Chloro Limited ("the Company") as of March 31, 2018 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 the respective 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 judgement, 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 have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.