

**INDEPENDENT AUDITORS' REPORT**

To The Members of  
***SUBHASH SILK MILLS LIMITED***

**Report on the Financial Statements**

We have audited the accompanying financial statements of **SUBHASH SILK MILLS LIMITED ("the Company")**, which comprise the Balance Sheet as at **March 31, 2018**, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of 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 in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive Income, change in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting the 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 control, 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.

**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 section 143(10) 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 disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS 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 aforesaid Ind AS 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 its profit (Loss), total comprehensive Income, the change in equity and its cash flows for the year ended on that date.

**Emphasis of Matters**

In our opinion and the best of our information and according to the explanation given to us, there is no matter which may have an adverse effect on the functioning of the company.

**Report on other Legal and Regulatory Requirements**

As required by the Companies (Audit Report) Order, 2016 (“the order”) 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 Para 3 and 4 of the Order.

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 purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including other Comprehensive Income, the statement in change of Equity, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, 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.
- e) On the basis of written representations received from the Directors as on 31 March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018, 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, our financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure- B and
- 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 Auditor) Rules 2014, in our opinion and to our best of our information and according to the explanations given to us:
  - i. The Company did not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred to Investor Education and Protection Fund by the Company.

**For GOVIND PRASAD & CO.  
Chartered Accountants**

**SD/-**

**GOVIND PRASAD  
PROPRIETOR**

**Membership No. 047948  
Firm Registration No. 114360W**

**Place: Mumbai  
Date: 29-05-2018**

#### **ANNEXURE TO AUDITOR’S REPORT**

- i. In respect of its property, Plant and equipments:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, Plant and equipments.
  - (b) The Company has physically verified property, Plant and equipments during the period in accordance with a programme of verification, which in our opinion provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to, no material discrepancies were noticed on such verification. In our opinion property, Plant and equipments have been properly dealt with in the books of accounts.
  - (c) In our opinion and according to the information and explanations given to us, the title deeds of the immovable properties of the company are held in the name of the company.
- ii. In respect of its Inventories, in our opinion and according to the information and explanations given to us, the management at reasonable intervals has physically verified the inventories and no material discrepancies were noticed on physical verifications.
- iii. According to the information and explanations given to us, the Company has not granted loan to any party covered in register u/s. 2(76) hence, clause iii (a), (b) and (c) are not applicable.

- iv. In respect of loans investments and guarantees, in our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the public as per section 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- vi. According to information and explanation given to us, the maintenance of cost records has not been prescribed by the Central Government sub section (1) of section 148 of the Companies Act 2013.
- vii. According to the information and explanations given to us in respect of statutory and other dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value added Tax, cess and any other statutory dues with the appropriate authorities during the period.
  - (b) There are no disputed dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Value Added Tax, Cess and any other statutory dues with the appropriate authorities during the period.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- ix. In our opinion and according to the information and explanations given to us, the company has not raised any money by way of public issue/follow-on offer. Further, with reference to money raised as term loans, in our opinion, were applied for the purpose for which the said loans are raised.
- x. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.
- xi. In our opinion and according to the information and explanations given to us, 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.
- xii. Since the company is not a Nidhi Company, clause xii is not applicable.
- xiii. In our opinion and according to 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 and the relevant details have been disclosed in the financial statement etc. as required by the accounting standards and Companies Act, 2013
- xiv. In our opinion and according to 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.
- xv. According to the information and explanations given to us, the non- cash transactions with directors or persons connected with them, in our opinion, provisions of Section 192 have been complied with.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India

**For GOVIND PRASAD & CO.  
Chartered Accountants**

**SD/-  
GOVIND PRASAD  
PROPRIETOR  
Membership No. 047948  
Firm Registration No. 114360W**

**Place: Mumbai  
Date: 29-05-2018**

#### **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 **Subhash Silk Mills Limited** ("the Company") as of 31<sup>st</sup> March 2018 in conjunction with our audit of the standalone 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 timely generation 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 standard on Auditing, 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 involved 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 control 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 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 31 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.

**For GOVIND PRASAD & CO.  
Chartered Accountants**

**SD/-  
GOVIND PRASAD  
PROPRIETOR  
Membership No. 047948  
Firm Registration No. 114360W**

**Place: Mumbai  
Date: 29-05-2018**