

Textual information (47)

Disclosure in auditor's report explanatory [Text Block]

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
ZYDEN GENTEC LIMITED

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of ZYDEN GENTEC LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for qualified opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows subject to basis of qualified opinion for the year ended on that date.

Basis for Qualified Opinion

- i. We draw your attention to the Note No. 23 other explanatory information: Point No. (a) regarding not providing depreciation as required by IND AS-16 of Rs 62,110/- in respect of computer, printer, vehicle, and office equipments due to this loss has been understated by Rs 62,110/- .
- ii. We draw your attention to the Note No. 23 other explanatory information: Point No. (b) regarding not recognizing deferred tax asset as required by IND AS -12 considering losses, absence of virtual certainty of profits and amount is also not quantified.
- iii. We draw your attention to the Note No. 23 other explanatory information: Point No. (c) that the management is considering good of old loans & advances to other parties of Rs 4,62,10,685/- (Firoz Khan Rs. 2,10,685/- and Sky High Financial Services Pvt. Ltd. 4,60,00,000/-), whereas the actual recovery is not possible by the company, due to this loss has been understated by Rs 4,62,10,685 /-. Further the company has given loans & advances to three companies of Rs 2,21,28,396/- from whom neither interest has been charged.
- iv. We draw your attention to the Note No. 23 other explanatory information: Point No. (d) that some of the charges on asset of the company are still open at MCA Master Data where-as property and stock has been auctioned by the secured creditor. However, during the period company has written off credit balances of State Bank of Hyderabad (CC) of Rs. 2,10,37,112/- and SIDBI Loan (HYD) of Rs 32,43,920/- as Exceptional Items informed by the management as amount are not payable to banks. Due to this loss has been understated by this amount.

We conducted our audit of the standalone financial statements in accordance with the Standard on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion subject to following qualifications on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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, however here are no key audit matters to communicate in the auditor's report and we do not provide a separate opinion on these matters.

Information other than the financial statements and auditors' 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 Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

Paragraph 41(b) of this SA explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 41(c) explains that when law, regulation or applicable auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on



the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements of branches included in the standalone financial statements of the Company as the company has not any branch.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS 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, 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 control 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) 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:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration is not paid by the Company to its directors during the year is in accordance with the provisions of section 197 of 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has pending litigations of late filing of annual returns with MCA which were filed later on with delay. No cost/ penalty has been determined by the court, hence no effect of this litigation is considered on its financial position in its standalone financial statements.

ii. 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



2. As required by the Companies (Auditor's Report) Order, 2016("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Rajvanshi & Associates
Chartered Accountants
Firm Regn.No: 005069C

SD/-
Vikas Rajvanshi
Partner
M.No : 073670
Place : Jaipur
Date :30.05.2019

ANNEXURES TO THE INDEPENDENT AUDITORS'REPORT

(ANNEXURE "A" TO THE AUDITOR'S REPORT)

The Annexure referred to in our Independent Auditors' Report in Paragraph 2 of Report on Other Legal and Regulatory Requirements to the members of the Company on the financial statements for the year ended 31st March 2019, we report that:

(i) In respect of Fixed Assets:

(a) The company maintained reasonable records showing full particulars, including quantitative details and situation of fixed assets as explained by the management on the basis of available information, which were not verified by the auditor.

(b) As explained to us, fixed assets have been physically verified by the management in a phased periodical manner which in our opinion is reasonable having regard to the size of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no immovable property held in the name of the Company.

(ii) In respect of Inventories:

As explained to us, the inventories have been physically verified by the management during the year however, there is no inventory at the year end. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its business. As explained to us no material discrepancies were noticed on verification between the physical stocks and the book records. We have not physically verified the inventories during the year.

(iii) The Company has granted unsecured loan in the nature of business advance to one company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). The amount outstanding to Deepak Health Care Pvt. Ltd. is Rs 42,30,225/-.

(a) The terms & condition of the grant of such loan are not prejudicial to the company's interest as informed by the management;

(b) The Schedule of repayment of principal has not stipulated. Receipt of the principal amount is not regular and interest is not charged;

(c) There was overdue amount in respect of loan granted but no reasonable steps have been taken by the company for recovery of amount from related party.

(iv) According to the information and explanations given to us, the Company has granted loan to one company in which director is also director under provision of section 185 and 186 of the Companies Act, 2013 in the nature of business advance as reported by the management.

(v) As informed and explanation given to us the Company has not accepted any new deposits from the public during the year. Hence RBI directives are not applicable.

(vi) As informed to us, the company is not required to maintain the cost records as prescribed under Section 148(1) of the Companies Act 2013. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion:-

(a) The payment in respect of 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 other material statutory dues have not been regularly deposited with the appropriate authorities. According to the information and explanations given to us, undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2019 for a period of more than six months from the date of becoming payable is CST 2% Rs. 1,36,344/-, CST 5% Rs. 2,411/-, VAT Payable Rs 12,359/-, EPF/ESI Payable Rs. 5,21,871/-.

(b) According to records of company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute other than above.

(viii) According to the information and explanations given to us, the Company has earlier defaulted in repayment of dues to financial institutions and the banks. After auction of the mortgage property by banks, the Company has written off outstanding balances due to banks such as SIDBI Rs 32,43,920 /- State Bank of Hyderabad Rs. 2,10,37,112 /-.

(ix) The Company is a suspended listed company; however, the company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid managerial remuneration. Accordingly, clause 3(xi) of the order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.



(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Rajvanshi & Associates
Chartered Accountants
Firm Regn. No.: 005069C

SD/-
Vikas Rajvanshi
Partner
M No. : 073670
Place : Jaipur
Date : 30th May 2019

ANNEXURES TO THE INDEPENDENT AUDITORS' REPORT (ANNEXURE "B" TO THE AUDITOR'S 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 ZYDEN GENTEC LIMITED ("the Company") as of 31 March 2019 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 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 control 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 control 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 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.

Basis of Qualified Opinion

We draw your attention to the Note No. 23 other explanatory information: Point No. (c) regarding not providing depreciation as required by IND-AS-16 of Rs 62110/- in respect of computer, printer, vehicle, and office equipment's due to this loss has been understated by Rs 62110/-, Point No. (e) regarding not recognizing deferred tax asset as required by IND AS -12 considering losses, absence of virtual certainty of profits and amount is also not quantified. The management is considering good of old loans & advances to other parties of Rs 4,62,10,685 (Firoz Khan Rs. 2,10,685/- and Sky High Financial Services Pvt. Ltd. 4,60,00,000/-), whereas the actual recovery is not possible by the company, due to this loss has been understated by Rs 4,62,10,685 /-. Further, company has given loans & advances to three companies of Rs 2,21,28,396/- from whom neither interest has been charged nor confirmation has been obtained. Some of the charges on asset of the company are still open at MCA Master Data where-as property and stock has been auctioned by the secured creditor. However, during the period company has written off credit balances of State Bank of Hyderabad (CC) of Rs.2,10,37,112/- and SIDBI Loan (HYD) of Rs 32,43,920/- as Exceptional Items informed by the management as amount are not payable to banks. Due to this loss has been understated by this amount.

Qualified Opinion

In our opinion, the Company does not have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were not operating effectively as at 31 March 2019, 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 Rajvanshi & Associates
Chartered Accountants
Firm Regn. No.: 005069C

SD/-
Vikas Rajvanshi
Partner
M. No. : 073670
Place : Jaipur
Date : 30th May 2019

Textual information (48)**Auditor's qualification(s), reservation(s) or adverse remark(s) in auditors' report**

Basis for Qualified Opinion i. We draw your attention to the Note No. 23 other explanatory information: Point No. (a) regarding not providing depreciations as required by IND AS-16 of Rs 62,110/- in respect of computer, printer, vehicle, and office equipments due to this loss has been understated by Rs 62,110/- . ii. We draw your attention to the Note No. 23 other explanatory information: Point No. (b) regarding not recognizing deferred tax asset as required by IND AS -12 considering losses, absence of virtual certainty of profits and amount is also not quantified. iii. We draw your attention to the Note No. 23 other explanatory information: Point No. (c) that the management is considering good of old loans & advances to other parties of Rs 4,62,10,685/- (Firoz Khan Rs. 2,10,685/- and Sky High Financial Services Pvt. Ltd. 4,60,00,000/-), whereas the actual recovery is not possible by the company, due to this loss has been understated by Rs 4,62,10,685 /-. Further the company has given loans & advances to three companies of Rs 2,21,28,396/- from whom neither interest has been charged. iv. We draw your attention to the Note No. 23 other explanatory information: Point No. (d) that some of the charges on asset of the company are still open at MCA Master Data where-as property and stock has been auctioned by the secured creditor. However, during the period company has written off credit balances of State Bank of Hyderabad (CC) of Rs.2,10,37,112/- and SIDBI Loan (HYD) of Rs 32,43,920/- as Exceptional Items informed by the management as amount are not payable to banks. Due to this loss has been understated by this amount. We draw your attention to the Note No. 23 other explanatory information: Point No. (c) regarding not providing depreciation as required by IND-AS-16 of Rs 62110/- in respect of computer, printer, vehicle, and office equipment's due to this loss has been understated by Rs 62110/-, Point No. (e) regarding not recognizing deferred tax asset as required by IND AS -12 considering losses, absence of virtual certainty of profits and amount is also not quantified. The management is considering good of old loans & advances to other parties of Rs 4,62,10,685 (Firoz Khan Rs. 2,10,685/- and Sky High Financial Services Pvt. Ltd. 4,60,00,000/-), whereas the actual recovery is not possible by the company, due to this loss has been understated by Rs 4,62,10,685 /-. Further, company has given loans & advances to three companies of Rs 2,21,28,396/- from whom neither interest has been charged nor confirmation has been obtained. Some of the charges on asset of the company are still open at MCA Master Data where-as property and stock has been auctioned by the secured creditor. However, during the period company has written off credit balances of State Bank of Hyderabad (CC) of Rs.2,10,37,112/- and SIDBI Loan (HYD) of Rs 32,43,920/- as Exceptional Items informed by the management as amount are not payable to banks. Due to this loss has been understated by this amount.