

S. N. NANDA & CO.
CHARTERED ACCOUNTANTS
E-mail : snnco@snnco.net
: info@snnco.net

C 43, PAMPOSH ENCLAVE
GREATER KAILASH – I
NEW DELHI - 110 048
PH: 91-11-26227853, 41731475
FAX: 91-11-26227853

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

CONTAINER CORPORATION OF INDIA LIMITED

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying financial statements of **CONTAINER CORPORATION OF INDIA LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity, 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 (hereinafter referred to as “the standalone financial statements”) in which are included the returns for the year ended on that date audited by the branch auditors of the Company’s regions location at Mumbai (Western Region), Chennai (Southern Region), Kolkata (Eastern Region), Noida (North Central Region), Nagpur (Central Region), New Delhi (Northern Region), Secunderabad (South Central Region) and Ahmedabad (North West Region).

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 the information required by the Companies Act, 2013 (“the Act”) in 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 31st March 2020, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit of standalone financial statements 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 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 ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financials 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, and we do not provide separate opinion on these matters.

We have determined the following matters described to be the key audit matters to be communicated in our audit report:

S. No.	Key Audit Matters	Substantive Audit Procedures
1	<p>Adoption of Ind AS 116:</p> <p>As described in Note No. 39 to the standalone financial statements, the company has adopted IND AS 116 Leases in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit since the company has a large number of leases with different contractual terms.</p> <p>Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) assets and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease terms as per the contract/arrangement. Adoption of the standard involves judgments and estimates including, determination of the discount rates and the lease term.</p> <p>Additionally, the standard mandates detailed disclosures in respect of transition. Refer Note No. 39 to the standalone financial statements.</p>	<p>Our audit procedure on adoption of Ind AS 116 include:</p> <ul style="list-style-type: none"> • Assessed and tested new processes and controls in respect of the lease accounting standard (Ind AS 116); • Assessed the company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business. • Evaluated the reasonableness of the discounting rate applied in determining the lease liabilities; • Upon transition as at 1st April 2019: <ul style="list-style-type: none"> ➤ Evaluated the method of transition and related adjustments. ➤ Tested completeness of the lease data by reconciling the company's operating lease commitments to data used in computing ROU asset and the lease liabilities. • On a statistical sample, we performed the following procedures: <ul style="list-style-type: none"> ➤ Assessed the key terms and conditions of each lease with the underlying lease contracts; and ➤ Evaluated computation of lease liabilities and challenged the key estimates such as discount rates and the lease term. • Assessed and tested the presentation and disclosure relating to Ind AS 116 including, disclosures relating to transition.
2	<p>Revenue Recognition:</p> <p>Western Region</p> <p>The application of the IND AS 115 Revenue Recognition involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, satisfaction of performance obligations, etc.</p>	<p>Our audit procedure consisted:</p> <ul style="list-style-type: none"> • Testing of the operating effectiveness of internal controls. We have selected few samples of continuing contract and tested the operating effectiveness of the internal control relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry, observation and inspection of evidence in respect of operation of these controls. • We read, analyzed and identified performance obligations in selected sample contracts. We compared these performance obligations with that identified by the Western Region of the company. We have considered the terms of the contract to determine the transaction price. • Tested the data operating system DTMS

		<p>(Domestic Terminal Management System) and ETMS (Exim Terminal Management System) and also the report generated from the data operating system such as “Container departed and not reached to the Destination report” for the purpose of reversal of the same from income already accounted for.</p> <ul style="list-style-type: none"> • In case of door to door delivery via rail movement, road freight income and charges for the incidental services are accounted for on arrival of container at the originating CONCOR Terminal from customer premises.
--	--	---

Information Other than the Standalone Financial Statements and Auditor’s Report thereon

The Company’s Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Director’s Report including annexure to Director’s Report, Business Responsibility Report, Corporate Governance, Ten years Financial/physical performance and data and letter from CMD included in the annual report of the company, but does not include the standalone financial statements and our auditor’s report thereon. The annual report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.

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 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, changes in equity 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 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.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities 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.

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 financial results, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 financial results 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 results, including the disclosures, and whether the financial results 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 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.

Emphasis of Matter

We draw attention to the following matters related to our scope with respect to audit of financial statements of the Company.

- a) As reported by the Auditor of North Central Region of the company, due to outbreak of pandemic Covid 19 and consequent countrywide lockdown enforced by Government of India. Due to this we could not carryout normal audit procedures by visiting the CCI-NCR Office and audit was carried out using “Work from Home” approach. Interview/discussion with client via video conferencing/call conferencing and other verbal communications. Further on account of pandemic “Covid 2019” and nationwide lockdown imposed by government, the audit process has been modified, wherein certain documents/records etc were verified in electronic mode, and have relied on the representations received from the company for the accuracy and authenticity.
- b) Balances of Sundry Debtors, Sundry Creditors and Advance to Other Parties including Railways are subject to confirmation and reconciliation, as referred to note no.59 (b). These balances include outstanding for more than 3 years. The effect of the same is not ascertainable.

Our opinion is not modified in respect of these matters.

Other Matter

We did not audit the financial statements/ information of 8 regions included in the standalone financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 3818.01 Cr. as at 31st March 2020 and total revenue of Rs. 6518.06 Cr. the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these regions have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these regions, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

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 sub-section (11) of section 143 of the Act, we give in the “**Annexure A**”, a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. The Comptroller & Auditor General of India has issued directions indicating the areas to be examined in terms of Sub section (5) of Section 143 of the Act, compliance of which are set out in “**Annexure-B**”.
3. 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

- (c) The reports on the accounts of the regions of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
- (d) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the regions not visited by us.
- (e) 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.
- (f) As per the notification number G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 164(2) of the Act regarding the disqualifications of Directors is not applicable to the Company, since it is a Government Company.
- (g) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure C**”.
- (h) With respect to the other matters to be included in the Auditor’s Report, as per notification number G.S.R. 463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 197(16) of the Act regarding the Managerial Remuneration is not applicable to the Company, since it is a Government Company.
- (i) 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 has disclosed the impact of pending litigations/arbitrations on its financial position in its financial statements – Refer Note 42 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S. N. Nanda & Co.
Chartered Accountants
FRN: 000685N

S.N.Nanda
Partner
M. No. 005909
UDIN: 20005909AAAABB5381
Date: 25th June 2020
Place: New Delhi

Annexure - A to the Independent Auditor's Report

Referred to Paragraph – 1 under the heading “Report on other Legal and Regulatory Requirements” of our Report of even date

We report that:

(i) In respect of the Company's fixed assets:

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification of fixed assets on a yearly basis, which in our opinion is reasonable having regards to the size of the Company and nature of its business. Fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company, except for the items mentioned below:

(Amount in Rs. Crores)

Details of Property	Net Amount 31.03.2020
RO Premises at Egmore, Chennai	1.45
Staff Quarters at Chennai	0.75
Leasehold Land-MMLP Vishakhapatnam	93.91
Freehold Land-Krishnapatnam Port	31.21
Leasehold Land at Kodakola	18.79
Land acquired from New Mangalore Port Trust (NMPT)	1.24

(ii) The Company has carried out physical verification of inventory at reasonable intervals.

- (a) As per the information and explanations given to us, no material discrepancies were noticed during such verification.
- (b) As per Auditor's Report of Southern Region, following items are included in the financial statements but not in inventory records.
 - Goods in transit Rs.5,94,861/-
 - Inventory held by Third Party Rs. 4,21,250/-

(iii) The Company had granted unsecured loans to wholly owned subsidiary company i.e. M/s Fresh & Healthy Enterprises Limited (FHEL):

- (a) In our opinion and according to the information and explanation given to us, the Company the terms and conditions of grants of loans are not prejudicial to the Company's interest.
- (b) The outstanding loan of Rs.55.89 Crores including interest accrued from the entity FHEL has been converted into equity share capital of FHEL, the conversion of loan into equity is not prejudicial to the Company's interest.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security, as applicable.

- (v) The Company has not accepted deposits from the public within the meaning of provisions of sections 73 to 76 of the Companies Act, 2013 and the rules framed there under.
- (vi) As per the information and explanations given to us, the maintenance of cost records has not been prescribed by the central Government under subsection (1) of Section 148 of the Companies Act, 2013 for services rendered 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 of the Company, no amount is outstanding as on 31st March 2020 for a period of more than six months from the date of it became payable, amount deducted /accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Custom Duty, Value added Tax, Cess and any other statutory dues have been regularly deposited during the year by the Company with appropriate authorities.

As per Auditor's Report of Southern Region of the company, following dues of Service tax have not been deposited by the Company on account of dispute:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Due date
Service Tax	Service Tax and Penalty	1,48,12,667.00**	Sept. 2002 to June 2008	CESTAT Bangalore
**1	One third share of the total disputed amount			
**2	A stay order has been obtained against the amount disputed and not been deposited by the Joint-Venture.			

- (viii) The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders during the year.
- (ix) 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, Para 3(ix) of the order is not applicable.
- (x) According to the information and explanations given to us by the management and based on our examination of the records of the Company, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) As per Notification dated 5th June 2015, Section 197 of the Act is not applicable in case of a Government Company. Accordingly, Para 3 (xi) of the order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, Para 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the 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 standalone financial statements as required by the applicable Indian 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 under review. Accordingly, Para 3 (xiv) of the Order is not applicable to the Company.

- (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 any non-cash transactions with directors or persons connected with him. Accordingly, Para 3 (xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For S. N. Nanda & Co.
Chartered Accountants
FRN: 000685N

S. N. Nanda
Partner
M. No. 005909
UDIN: 20005909AAAABB5381
Date: 25th June 2020
Place: New Delhi

ANNEXURE B TO THE INDEPENDENT AUDITOR’S REPORT

Referred to Paragraph 2 under the heading of “Report on other Legal and Regulatory Requirements” of our Report of even date.

According to the information and explanations given to us we report as under:

S.No.	Areas Examined	Observations/Findings
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has system in place to process all the accounting transactions through IT system i.e. Oracle. The operational entries of the company like revenue, customer ledger account, pre-deposits accounts etc have been recorded in a separate IT system (viz. DTMS, ETMS and CCLS) other than financial reporting IT system (viz. Oracle). At each month end, a consolidated entry is being posted in ‘Oracle’ based on the summary generated in DTMS, ETMS and CCLS systems. Further, payroll of the Company is maintained through RAMCO system and spares inventory of the Company is maintained through Maximo. However, the Company has adequate internal control system to verify correctness of the entries collated and posted in Oracle.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to company’s inability to repay the loan? If yes, the financial impact may be stated.	According to the information and explanation given to us and based on our examination of records of the Company, there has been no restructuring/ waiver/ write off of any existing loan taken by the Company.
3.	Whether funds received/receivable for specific schemes from central/state agencies were properly accounted for/utilized as per terms and conditions? List the cases of deviation.	The Company, based on the information and explanation furnished to us by the management, there were no such funds received / receivable towards any specific scheme from Central / State Agencies by the company during the financial year 2019-20. As per Auditor’s Report of Eastern Region the grant received in 2010 of which Rs.6,46,278/- remain unutilized till 2018-19, has been recorded as Miscellaneous Income in the current financial year.

For S. N. Nanda & Co.
Chartered Accountants
FRN: 000685N

S. N. Nanda
Partner
M. No. 005909
UDIN: 20005909AAAABB5381
Date: 25th June 2020
Place: New Delhi

Annexure - C to the Independent Auditor's Report

Referred to Paragraph – 3(g) under the heading of “Report on other Legal and Regulatory Requirements” our Report of even date.

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).

We have audited the Internal Financial Control over financial reporting of **CONTAINER CORPORATION OF INDIA LIMITED** (“the Company”) as of 31st March, 2020 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 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. 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 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 internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls 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 controls 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 internal financial controls 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 and to the best of our information and according to the explanations given to us, 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 31st March, 2020, 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 S. N. Nanda & Co.
Chartered Accountants
FRN: 000685N

S. N. Nanda
Partner
M. No. 005909
UDIN: 20005909AAAABB5381
Date: 25th June 2020
Place: New Delhi