

## INDEPENDENT AUDITORS' REPORT

To,  
The Members of  
**VAXTEX COTFAB LIMITED**  
Ahmedabad.

### **Report on the Financial Statements:**

We have audited the accompanying standalone financial statements of Deep Masterbatch 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 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 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 and financial performance 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 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.

### **Auditors' Responsibility:**

Our responsibility is to express an opinion on standalone 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 thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the 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 the management, 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.

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
- (ii) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**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 Section 143(11) of the Act, we give in the Annexure A, statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent possible.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 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.
  - e. On the basis of the written representations received from the Directors as on March 31, 2018, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018, from being appointed as a Director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, our separate report in annexure –B may be referred;




g. 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 explanation given to us:

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
- iii. There has been no instance of transferring the amounts required to be transferred to the Investor Education and Protection Fund by the Company.

**Place:** Ahmedabad  
**Date:** 3<sup>rd</sup> September 2018



**For, Niranjani Jain & Co.**  
**Chartered Accountants**  
Firm Reg. No. :113913W

  
**Niranjani Jain**  
**Proprietor**

**Membership No. 047811**

**VAXTEX COTFAB LIMITED**  
**Previously known Vaxtex coffab Pvt Ltd**  
**Balance Sheet as at 31st March 2018**

(Amount in Rs.)

Particulars	Notes No.	Amount as at 31/03/2018	Amount as at 31/03/2017
<b><u>I. EQUITY AND LIABILITIES</u></b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	1	40,25,000	40,25,000
(b) Reserves and surplus	2	3,72,38,692	3,55,30,124
(c) Money received against share warrants		-	-
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	3	20,90,773	-
(b) Deferred tax liabilities (Net)		605523	1,24,510
(c) Other Long term liabilities	4	-	-
(d) Long-term provisions	5	-	-
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	6	4,25,000	-
(b) Trade payables		4,90,29,733	61,48,474
(c) Other current liabilities	7	74,72,879	10,76,810
(d) Short-term provisions	8	9,88,722	95,500
<b>Total</b>		<b>10,18,76,322</b>	<b>4,70,00,418</b>
<b><u>II. ASSETS</u></b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		1,69,78,170	36,17,102
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under Development		-	-
(b) Non-Current Investments	10	-	-
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	11	-	-
(e) Other non-current assets	12	-	-
<b>(2) Current assets</b>			
(a) Current investments	13	5,00,000	5,00,000
(b) Inventories	14	1,28,96,465	40,21,920
(c) Trade receivables	15	3,08,22,519	1,68,52,575
(d) Cash and cash equivalents	16	35,82,306	4,11,091
(e) Short-term loans and advances	17	3,70,96,862	2,15,97,730
(f) Other current assets	18	-	-
<b>Total</b>		<b>10,18,76,322</b>	<b>4,70,00,418</b>

As per our report of even date.

For, Niranjn Jain & Co  
Chartered Accountant  
Firm Reg. No. : 113913W

(Niranjan Jain)  
Proprietor  
Membership No. 047811



For and on behalf of the Board of Directors  
VAXTEX COTFAB LIMITED

Director

Director

Place : Ahmedabad  
Date : 03/09/2018

Place : Ahmedabad  
Date : 03/09/2018

**VAXTEX COTFAB LIMITED**  
**Previously known Vaxtex cotfab Pvt Ltd**  
**Profit and Loss Statement for the period ended 31st March 2018**

(Amount in Rs)

Particulars	Notes No.	Amount as at 31/03/2018	Amount as at 31/03/2017
I. Revenue from operations	19	18,46,62,542	4,32,27,032
II. Other income	20	57	13,79,102
<b>III. Total Revenue ( I+II )</b>		<b>18,46,62,599</b>	<b>4,46,06,134</b>
<b>IV. Expenses</b>			
Cost of Goods Sold	21	13,36,69,995	4,13,18,095
Change in Inventories of Finished Goods		-	-
Employee Benefit Expenses	22	1,28,64,403	7,06,410
Finance Cost	23	20,490	1,759
Depreciation and Amortization Expenses	9	10,44,090	1,16,965
Other Expense	24	3,43,58,598	20,78,858
<b>Total Expenses</b>		<b>18,19,57,576</b>	<b>4,42,22,087</b>
V. Profit before Exceptional and extraordinary expenses and tax ( III-IV )		27,05,023	3,84,047
VI. Exceptional Expenses		-	-
VII. Profit before Extraordinary expenses and tax ( V-VI )		27,05,023	3,84,047
VIII. Extraordinary Activities		-	-
<b>IX. Profit Before Tax ( VII-VIII )</b>		<b>27,05,023</b>	<b>3,84,047</b>
<b>X. Tax Expense</b>			
Current Tax		5,15,442	75,000
Deferred Tax		4,81,013	1,24,510
XI. Profit (Loss) for the period from continuing operations (VII-VIII)		17,08,568	1,84,537
XII. Profit / Loss from Discountinuing Operations		-	-
XIII. Tax Expense on Discountinuing Operations		-	-
XIV. Profit / Loss from Discountinuing Operations (After		-	-
XV. Profit or Loss For the Period ( XI+XIV )		17,08,568	1,84,537
XVI. Earning per Equity Share			
Basic			
Diluted			

As per our report of even date.

**For, Niranjn Jain & Co**  
Chartered Accountant

Firm Reg. No. : 113913W

(Niranjn Jain)

Proprietor

Membership No. 047811

Place : Ahmedabad

Date: 03/09/2018



For and on behalf of Board of Directors  
VAXTEX COTFAB LIMITED

Director

Director

Place : Ahmedabad

Date: 03/09/2018

## VAXTEX COTFAB LIMITED

Notes to Financial Statements for the Year Ended 31st March 2018

1. Share Capital	As at 31/03/2018		As at 31/03/2017	
	No. of Shares	Rs.	No. of Shares	Rs.
<b>Authorized Capital</b>				
Equity Shares of Rs. 10/- Each	4,10,000	41,00,000	4,10,000	41,00,000
<b>Issued and Subscribed</b>				
Equity Shares of Rs. 10/- Each	4,02,500	40,25,000	4,02,500	40,25,000
<b>Subscribed and Fully Paid</b>				
Equity Shares of Rs. 10/- Each	4,02,500	40,25,000	4,02,500	40,25,000
<b>Subscribed but not Fully Paid</b>	-	-	-	-
<b>Total</b>	4,02,500	40,25,000	4,02,500	40,25,000

### 1.1 Particulars of Shares holders holding more than 5% of the Shares Capital:

Name of Shareholder	No. of Shares	% of Holding
MIRACLE STORES PVT LTD	1,97,225	49.00%
QMIN PHARMA PVT LTD	1,97,225	49.00%
	-	0.00%

### 1.2 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Issue	Buy Back	Closing Balance
<b>Equity Shares</b>				
<u>Year Ended 31st March 2017</u>				
No of Shares	402500	-	-	402500
Amount (Rs.)	40,25,000	-	-	40,25,000
<u>Year Ended 31st March 2016</u>				
No. of Shares	402500	-	-	402500
Amount (Rs.)	40,25,000	-	-	40,25,000

1.3 The Company has only one class of shares referred to as equity shares with a face value of 10 per share. Each holder is entitled to one vote per share.

1.4 Fully paid up equity shares issued pursuant to contract(s) without payment

Being received in cash in the last five years

1.5 Fully paid up equity shares by way of bonus shares in the last five years

1.6 Shares bought back in the five years

Nil

Nil

Nil



## VAXTEX COTFAB LIMITED

Notes to Financial Statements for the Year Ended 31st March 2018

2. Reserve & Surplus	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Capital Reserve	-	-
<b>(b) Securitites Premium</b>		
Balance as Per Last Financial Statements	3,53,25,000	3,53,25,000
Addition During the Year	-	-
Less : Adjustments	-	-
Closing Balance of Profit & Loss A/c	3,53,25,000	3,53,25,000
<b>(c) Profit &amp; Loss A/c</b>		
Balance as Per Last Financial Statements	2,05,124	20,587
Profit/(Loss) For the Year	17,08,568	1,84,537
Addition During the Year	-	-
Less : Adjustments	-	-
Closing Balance of Profit & Loss A/c	19,13,692	2,05,124
<b>Total</b>	<b>3,72,38,692</b>	<b>3,55,30,124</b>

3. Long Term Borrowings	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Debentures and Bonds	-	-
<b>(b) Term Loan</b>		
(i) From banks	-	-
(ii) From Others	-	-
(c) Deferred Payment Liabilities	-	-
<b>(d) Deposits</b>		
Inter Corporate Deposits	-	-
<b>(e) Loan and Advances From Related Parties</b>		
Directors	-	-
(f) Unsecured loans	20,90,773	-
<b>Total</b>	<b>20,90,773</b>	-

4. Other Long Term Liabilities	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Trade Payables	-	-
(b) Others	-	-
<b>Total</b>	-	-

5. Long Term Provisions	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Provision for Employees Benefits	-	-
(b) Others	-	-
<b>Total</b>	-	-



<b>6. Short Term Borrowings</b>	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Loans Repayable on Demand		
(i) From Banks	-	-
(ii) From Other Parties	-	-
(b) Loans and Advances from Relate	-	-
(c) Deposits	-	-
(d) Other Loans and Advances	4,25,000	-
<b>Total</b>	<b>4,25,000</b>	<b>-</b>

<b>7. Other Current Liabilities</b>	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Current Maturities of Long Term Debt	-	-
(b) Current Maturities of Finance Lease Obligations	-	-
(c) Interest Accrued but not Due on Borrowings	-	-
(d) Interest Accrued and Due on Borrowings	-	-
(e) Income Received in Advance	-	-
(f) Unpaid Dividends	-	-
<b>(g) Other Payables</b>		
Retention Money - Sub Contractor	-	-
Advances from Customers	1,23,784	10,76,810
other	73,49,095	-
<b>Total</b>	<b>74,72,879</b>	<b>10,76,810</b>

<b>8. Short Term Provisions</b>	Amount as at 31/03/2018	Amount as at 31/03/2017
<b>(a) Provision for Employees Benefits</b>		
Professional Tax (Salary)	-	-
Director Remuneration Payable	1,80,000	-
Salary Payable	-	-
<b>(b) Others</b>		
Service Tax Payable	-	-
Unpaid Professional Fees	10,000	10,000
Provision for Audit Fees	35,500	10,500
Provision for I.T.	5,15,442	75,000
Tds on rent	45,000	-
Tds on subcontract job work	95,861	-
TDS Payable	1,06,919	-
<b>Total</b>	<b>9,88,722</b>	<b>95,500</b>





## VAXTEX COTFAB LIMITED

Notes to Financial Statements for the Year Ended 31st March 2018

10. Non-Current Investments	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Trade Investments	-	-
(b) Other Investments	-	-
<b>Total</b>	-	-

11. Long Term Loans and Advances	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Capital Advances	-	-
(b) Security Deposits	-	-
(c) loans and Advances to Related Party	-	-
(d) Other Loans and Advances	-	-
<b>Total</b>	-	-

12. Other Non-Current Assets	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Long Term Trade Receivables		
(i) Secured, Considered good	-	-
(ii) Unsecured, Considered good	-	-
(iii) Doubtful	-	-
(b) Others	-	-
<b>Total</b>	-	-

13. Current Investments	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Investments in Equity Instruments	-	-
(b) Investment in Government Securities	-	-
(b) Investment in Debentures or Bonds	-	-
(b) Investment in Mutual Funds	-	-
(b) Investment in Partnership Firms	-	-
(b) Other Investment	5,00,000	5,00,000
<b>Total</b>	<b>5,00,000</b>	<b>5,00,000</b>



<b>14. Inventories</b>	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Raw Materials	-	-
(b) Work-in-Progress	12896465	40,21,920
(b) Finished Goods	-	-
(b) Stock in trade	-	-
(b) Stores & Spares	-	-
(b) Loose Tools	-	-
<b>Total</b>	<b>1,28,96,465</b>	<b>40,21,920</b>

<b>15. Trade Receivables</b>	Amount as at 31/03/2018	Amount as at 31/03/2017
(Unsecured, Considered Good)		
(a) Due for More than Six Months	21987880	1,00,86,626
(b) Others	8834639	67,65,949
<b>Total</b>	<b>3,08,22,519</b>	<b>1,68,52,575</b>

<b>16. Cash and Cash Equivalents</b>	Amount as at 31/03/2018	Amount as at 31/03/2017
<b>(a) Balance with Banks</b>		
G M C BANK	719084	25,550
Bhuj mercantile coop bank	18062	
icici bank	2068710	
(b) Cheques, Drafts on hand		-
(b) Cash on Hand	776450	3,85,541
<b>Total</b>	<b>35,82,306</b>	<b>4,11,091</b>

<b>17. Short Term Loans and Advances</b>	Amount as at 31/03/2018	Amount as at 31/03/2017
(c) loans and Advances to Related Party	-	-
<b>(d) Other Loans and Advances</b>		
Advance for Co'Works		-
Advances to Suppliers	1441844	-
Prepaid Expenses		-
Retention Money & Time Limit		-
Other Loans And Advances	23751264	2,15,62,465
<b>Balance With Revenue Authority</b>		
GST	9000929	-
TDS Receivable	2902825	35,265
VAT Receivable		-
Advance Income Tax		-
<b>Total</b>	<b>3,70,96,862</b>	<b>2,15,97,730</b>

<b>18. Other Current Assets</b>	Amount as at 31/03/2018	Amount as at 31/03/2017
	-	-
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



## VAXTEX COTFAB LIMITED

Notes to Financial Statements for the Year Ended 31st March 2018

19. Revenue from operations	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Sale of Products	184662542	4,32,27,032
(b) Sale of Services	-	-
(c) other Operating Revenue	-	-
<b>Total</b>	<b>18,46,62,542</b>	<b>4,32,27,032</b>

20. Other Income	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Interest Income		3,35,748
(b) Contract Income		10,43,354
© Round off	57	-
<b>Total</b>	<b>57</b>	<b>13,79,102</b>

21. Cost of Goods Sold	Amount as at 31/03/2018	Amount as at 31/03/2017
<b>Raw Material</b>		
Opening Stock	40,21,920	10,37,526
Add: Purchase	142544540	4,43,02,489
Less: Closing Stock	12896465	40,21,920
<b>Total</b>	<b>13,36,69,995</b>	<b>4,13,18,095</b>

22. Employee Benefit Cost	Amount as at 31/03/2018	Amount as at 31/03/2017
(a) Salaries	12738060	7,06,410
<b>(b) Contribution to Provident and Other Funds</b>		
Provident Fund Expense	-	-
(c) Staff Welfare Expenses	1,26,343	-
<b>Total</b>	<b>1,28,64,403</b>	<b>7,06,410</b>

23. Finance Cost	Amount as at 31/03/2018	Amount as at 31/03/2017
<b>(a) Interest Expense</b>		
<b>(b) Other Borrowing Cost</b>		
<b>(d) Others</b>		
Bank interest	264	
Bank Charges	20226	1,759
<b>Total</b>	<b>20,490</b>	<b>1,759</b>



<b>24. Other Expense</b>	Amount as at 31/03/2018	Amount as at 31/03/2017
<b>Direct Expenses</b>		
Factory Rent	450000	-
Food & Borading Exps.		-
Freight Exps.		1,84,373
Labour contract work	15601892	
Site Labour Wages		1,69,748
<b>Total</b>	<b>1,60,51,892</b>	<b>3,54,121</b>
<b>Administrative and Other Expenses</b>		
Auditor's Remuneration As Auditor	25000	10,500
Accounting fees		24,000
Bonus	572090	53,250
Building repairs exp	30478	
Commission paid		52,103
Director Remuneration	356200	5,00,000
conveyance	13670	
courier exp	10925	
donation	31000	
Factory exp	86220	
gst paid	231000	
interest paid	4684	
interest paid on IT	9765	
kasar vatav	175071	
local cartting exp	95905	
Income tax paid		6,467
Legal & Professional Charges	40000	10,000
Electricity bill expenses	12515430	68,742
Machinery repairing expenses		57,187
Misc labour charges	159853	
mobile and internet exp	21066	
municipality property tax	467307	
Office Exps.	24906	69,745
Petrol & Conveyance Exps.	46878	1,96,776
Security service	1063930	
Printing & Stationery Exps.		61,587
Tea and coffee expenses	201600	94,880
Transportation charges	1886228	3,44,900
<b>Total</b>	<b>1,80,69,206</b>	<b>15,50,137</b>
<b>Rent, Rates and Taxes</b>		
Rent for Office, Room		1,74,600
Tax Recovered by Main Contractor	-	
New godown rent	2,37,500	-
<b>Total</b>	<b>2,37,500</b>	<b>1,74,600</b>
<b>Repairing &amp; Maintenance Expenses</b>		
Vehicle Exps.	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Other Expenses</b>		
Preliminary Exps.	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,43,58,598</b>	<b>20,78,858</b>



# VAXTEX COTFAB LIMITED

Notes to Financial Statements for the Year Ended 31st March 2018

## 9. Fixed Assets and Depreciation & Amortization

Sr. No	Particulars	Rate	Gross Block			Depreciation			Net Block				
			Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	Deduction during the year	Value at the end	WDV as on 31.03.2018	WDV as on 31.03.2017	
I	<u>Tangible Assets</u>	6.33%	31,98,107	1,41,85,650	-	1,73,83,757	1,11,481	10,01,402	-	11,12,883	1,62,70,874	30,86,626	
			5,35,960	16780		535960	5,484	33,579		39,063	4,96,897	5,30,476	
				202728		16780		3,057		3,057		13,723	
						202728		6,051		6,051		1,96,677	
	<b>SUB TOTAL (A)</b>		<b>1,44,05,158</b>	<b>-</b>	<b>1,81,39,225</b>	<b>1,16,965</b>	<b>10,44,090</b>	<b>-</b>	<b>11,61,055</b>	<b>1,69,78,170</b>	<b>36,17,102</b>		
II	<u>Intangible Assets</u>												
	<b>SUB TOTAL (B)</b>												
III	<u>Capital Work-in-progress</u>												
	<b>SUB TOTAL (C)</b>												
IV	<u>Intangible Assets Under Development</u>												
	<b>SUB TOTAL (D)</b>												
	<b>Total [A + B + C + D] (Current Year)</b>		<b>37,34,067</b>	<b>1,44,05,158</b>	<b>-</b>	<b>1,81,39,225</b>	<b>1,16,965</b>	<b>10,44,090</b>	<b>-</b>	<b>11,61,055</b>	<b>1,69,78,170</b>	<b>36,17,102</b>	
	<b>(Previous Year)</b>		<b>37,34,067</b>			<b>37,34,067</b>		<b>1,16,965</b>		<b>1,16,965</b>	<b>36,17,102</b>		



## Annexure A to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "Report on other legal and regulatory requirements" of our report of even date

### 1. 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 fixed assets were physically verified by the management at reasonable intervals during the year in a phased periodical manner in accordance with a programmed of physical verification. No material discrepancies were noticed on such physical verification.

2. All the title deed of Immovable Properties are held in the name of the company except permission granted by the company.

### 3. In respect of the Company's inventories:

a) As explained to us, the management has physically verified inventories during the year. In our opinion the frequency of verification is reasonable and the Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification as compared to the book records.

### 4. In respect of the loans, secured or unsecured, granted or taken by the Company to / from Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013:

According to the information & explanations given to us, the Company has not granted any loan to Companies, firms or other parties covered in the register maintained u/s. 189 of the Companies Act, 2013.

5. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

6. According to the information and explanations given to us, the Company has not accepted any deposits covered under section 73 to 76 of the Companies Act, 2013 during the year.

7. According to the information and explanations provided by the Company, the Central Government has not prescribed to Maintenance of cost records under Section 148(1) of the Companies Act, 2013 in respect of product of the Company.

8. According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, GST, Cess and other material statutory dues applicable to it to the appropriate authorities.

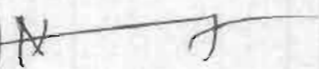


- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, GST, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
9. 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. The Company does not hold any debentures.
10. In our opinion and according to the information and explanations given to us, during the year, no fresh term loans have been applied by the Company and the Company has not raised moneys by way of initial public offer or further public offer and therefore Clause 3(ix) of the Order is not applicable.
11. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
12. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to directors and therefore Clause 3(xi) of the Order is not applicable.
13. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
14. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
15. Company had not made any preferential allotment or private placement of shares or debentures during the year and therefore clause 3(14) of the order is not applicable to the company.
16. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
17. The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

Place: Ahmedabad  
Date: 3<sup>rd</sup> September 2018



For, Niranjani Jain & Co.  
Chartered Accountants  
Firm Reg. No. :113913W

  
Niranjani Jain  
Proprietor  
Membership No. 047811

## Annexure B to Independent Auditors' Report

(Referred to in paragraph 2 (f) under, "Report on Other Legal and Regulatory Requirements" section of 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")

### **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 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that –

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.


### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on 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.

**Place:** Ahmedabad  
**Date:** 3<sup>rd</sup> September 2018



**For, Niranjani Jain & Co.**  
**Chartered Accountants**  
Firm Reg. No. :113913W

  
**Niranjani Jain**  
**Proprietor**  
**Membership No. 047811**