

**Cements Limited**

Maurya Centre, 1, Fraser Road  
P. O. Box 89, Patna - 800 001, Bihar (INDIA)  
Tel. : (0612) 2221551 / 2223336 / 2232481/  
2233501 / 3092000  
Fax : (0612) 2332884  
CINL 26942WB1937PLC009086  
Email : kcl\_mktg@kalyanpur.com  
website : www.kalyanpur.com

Ref : CD/06/01- 477  
29.05.2018

BSE Limited  
Corporate Relationship Department  
25<sup>th</sup> Floor, Phiroz Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001

The Secretary,  
The Calcutta Stock Exchange Ltd.  
7, Lyons Range,  
Kolkata - 700 001

Dear Sirs,

**Sub : Approval of audited financial results for the quarter and year ended 31.03.2018**

We are enclosing herewith the audited financial results for the quarter and year ended 31<sup>st</sup> March, 2018 along with the Audit Report. In view of the fact that the company presently is in the process of insolvency resolution and the powers of the Board of Directors stand suspended, the financial results have been approved by the Resolution Professional and the same has been signed by the Resolution Professional and CFO & Company Secretary of the company.

Pursuant to Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we confirm that the statutory auditors have issued their audit report with unmodified opinion on the audited financial results of the company (Stand alone) for the year ended 31.03.2018.

The meeting of the Board commenced at 3.00 PM and concluded at 4.45 PM.

Thanking you,

Yours faithfully,  
For KALYANPUR CEMENTS LIMITED

  
(P. K. Chaubey)  
C.F.O. & Company Secretary.

Encl : as above.

## Kalyanpur Cements Limited

Regd. Office: 2 & 3 Dr. Rajendra Prasad Sarani, Kolkata 700 001

CIN - L26942WB1937PLC009086

Telephone : 033-22302977, 033-22306470 Fax : 033-22301909

website:- www.kalyanpur.com

Audited Standalone Financial Results for the quarter and year ended 31-03-2018

(Rs. lakhs)

S.No.	Particulars	For the quarter ended			For the year ended	
		31-03-2018	31-12-2017	31-03-2017	31-03-2018	31-03-2017
		(audited)	(unaudited)	(audited)	(audited)	(audited)
1	Revenue from Operations	-	-	1,117.75	1,850.74	6,855.41
2	Other Income	21.52	0.39	139.70	40.58	146.41
3	<b>Total Income (1+2)</b>	<b>21.52</b>	<b>0.39</b>	<b>1,257.45</b>	<b>1,891.32</b>	<b>7,001.82</b>
4	<b>Expenses</b>					
	(a) Cost of Materials consumed	-	0.01	191.18	262.03	1,055.21
	(b) Change in inventories of finished goods, work-in-progress and stock-in-trade	9.68	-	(68.20)	51.89	239.12
	(c) Employee benefits expense	1,021.38	810.02	1,240.68	3,544.15	3,970.12
	(d) Power and Fuel	117.10	103.30	1,135.90	1,753.91	5,018.80
	(e) Finance Costs	408.39	912.06	748.78	2,995.97	2,948.29
	(f) Depreciation and amortisation expense	347.02	347.02	353.85	1,388.08	1,415.40
	(g) Outward Freight & Distribution Expenses	89.40	157.14	(24.90)	339.69	368.13
	(i) Excise duty	-	-	208.85	180.83	1,170.58
	(j) Insolvency Resolution Process Cost (Ref. note 5©)	71.50	-	-	71.50	-
	(k) Other expenses	251.76	131.85	416.87	962.53	1,895.20
	<b>Total Expenses</b>	<b>2,316.22</b>	<b>2,461.41</b>	<b>4,203.02</b>	<b>11,550.57</b>	<b>18,080.86</b>
5	<b>Profit / (loss) before exceptional items &amp; tax (3-4)</b>	<b>(2,294.70)</b>	<b>(2,461.02)</b>	<b>(2,945.57)</b>	<b>(9,659.24)</b>	<b>(11,079.05)</b>
6	Exceptional Items	-	-	(5,067.71)	-	(5,067.71)
7	<b>Profit / (loss) before tax (5-6)</b>	<b>(2,294.70)</b>	<b>(2,461.02)</b>	<b>(8,013.28)</b>	<b>(9,659.24)</b>	<b>(16,146.76)</b>
8	Tax Expense					
	(a) Current tax	-	-	-	-	-
	(b) Deferred tax/ (credit)	-	-	-	-	-
	Total tax expense/ (credit)	-	-	-	-	-
9	<b>Profit / (loss) for the period/ year (7-8)</b>	<b>(2,294.70)</b>	<b>(2,461.02)</b>	<b>(8,013.28)</b>	<b>(9,659.24)</b>	<b>(16,146.76)</b>
10	Extraordinary Items (net of tax)	-	-	-	-	-
11	<b>Net Profit / (loss) (9-10)</b>	<b>(2,294.70)</b>	<b>(2,461.02)</b>	<b>(8,013.28)</b>	<b>(9,659.24)</b>	<b>(16,146.76)</b>
12	Other Comprehensive Income (net of tax)	(25.87)	(0.26)	(2.33)	(28.92)	(3.32)
13	<b>Total Comprehensive Income after tax (11+12)</b>	<b>(2,320.58)</b>	<b>(2,461.28)</b>	<b>(8,015.61)</b>	<b>(9,688.16)</b>	<b>(16,150.08)</b>
14	Paid-up Equity Share Capital-Face Value Rs. 10/- each	2,125.38	2,125.38	2,125.38	2,125.38	2,125.38
15	Other Equity	-	-	-	(43,486.54)	(33,798.38)
16	Earning per Share (Not annualised)					
	- Basic (Rupees)	(10.80)	(11.58)	(37.70)	(45.45)	(75.97)
	- Diluted (Rupees)	(10.80)	(11.58)	(37.70)	(45.45)	(75.97)

Balance Sheet as at 31st March,2018

(Rs. in Lakhs)

Particulars		As on 31-03-2018	As on 31-03-2017
		audited	
<b>A</b>	<b>Assets</b>		
1	Non-current assets		
	Property, Plant and Equipment	23,868.45	25,255.27
	Capital work-in-progress	20.11	20.11
	Other Intangible assets	0.29	0.29
	Financial Assets		
	(i) Other Financial Assets	-	-
	Other Non-Current Assets	2,141.72	2,044.40
	Total	26,030.58	27,320.07
2	Current Assets		
	Inventories	736.26	833.10
	Financial Assets		
	(i) Investments	-	-
	(ii) Trade receivables	166.77	172.25
	(iii) Cash and Cash equivalents	70.98	61.33
	(iv) Bank balances other than (iii) above	-	-
	(v) Loans	-	-
	(vi) Others financial assets	296.68	337.42
	Other Current Assets	125.76	361.90
	Total	1,396.45	1,766.00
	Total - Assets	27,427.02	29,086.07
A	Equity and Liabilities		
1	Equity		
	Equity Share Capital	2,125.38	2,125.38
	Other Equity	(43,486.54)	(33,798.38)
	Total	(41,361.16)	(31,673.00)
2	Non-current liabilities		
	Financial Liabilities		
	(i) Borrowings	6,654.84	8,087.29
	(ii) Other Financial Liabilities	-	-
	Provisions	1,791.53	1,883.27
	Deferred Tax Liabilities(Net)	-	-
	Other Long term Liabilities	483.73	489.78
	Total	8,930.10	10,460.35
3	Current liabilities		
	Financial Liabilities		
	(i) Borrowings	7,282.73	3,144.12
	(ii) Trade Payables	15,216.80	13,421.89
	(iii) Other Financial Liabilities	6,866.68	4,642.61
	Other Current Liabilities	29,920.41	28,741.91
	Provisions	571.45	348.18
	Total	59,858.08	50,298.71
	Total - Equity and Liabilities	27,427.02	29,086.07

**Notes**

- 1 The Company adopted Indian Accounting Standards ("Ind AS") effective April 01, 2017 (transition date being April 01, 2016) and accordingly, the financial results for the quarter and year ended March 31, 2018 have been prepared in compliance with Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs. The results for the quarter and year ended March 31, 2017 are also Ind- AS compliant.
- 2 The Company has only one business segment namely "Cement".
- 3 The figures for the quarter ended 31st March, 2018 are the balancing figures between the audited figures for the full financial year and the unaudited figures up to the nine months ended 31st December, 2017.
- 4 The above statement of Financial Results was placed before the Audit Committee and the Board of Directors in their meetings held on 29th May, 2018. The result was approved by the Resolution Professional appointed by NCLT under the Insolvency & Bankruptcy Code 2016.
- 5a The Hon'ble National Company Law Tribunal (NCLT) Kolkata Bench had ordered the commencement of Corporate Insolvency Resolution Process in respect of the company under the provisions of Insolvency and Bankruptcy Code 2016 (Code) w.e.f. 1.5.2017 and appointed an Interim Resolution Professional (IRP). The committee of Creditors (COC) suggested to replace the IRP by a regular Resolution Professional and NCLT appointed Mr. Divyesh Desai as a Resolution Professional vide order dated 31.07.2017. Section 17(1)(b) of the Code provides that from the date of appointment of IRP, the powers of the Board of Directors of the Company shall stand suspended and be exercised by the IRP. In order to comply with the provisions of the Companies Act, 2013 and SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board met to consider the accounts to ensure that the same conform to the Ind AS and having found them so conforming, they have recommended the same for requisite compliance.
- 5b As stated above, the company is in the process of insolvency resolution. The Resolution Professional had invited Expression of Interest (EOI) from prospective resolutional applicants. The Resolution Professional received several Resolution Plans, which were considered by the Committee of Creditor (COC) constituted under the Insolvency and Bankruptcy Code 2016. The COC approved the resolution Plan submitted by Dalmia Cements (Bharat) Ltd. and the same has now been approved by Hon'ble NCLT. The provisions of Resolution Plan have not been given effect in the Financial Statements for the year ended 31.03.2018 as the "Effective Date" has not yet been decided.
- 5c The total Corporate Insolvency Resolution Cost amounts to Rs.539.85 lacs including Rs.71.50 lacs towards expenses on CIRP. The other elements of cost incurred during Insolvency Resolution Process have been debited to respective consumption and expense heads.
- 6 The Auditors' comments in their report dated 29th May, 2018 on the accounts for the Year ended 31st March, 2018 regarding ability of the Company to continue as a going concern to be dependent upon the Company's performance after the approval of Resolution Plan under the provisions of the Insolvency and Bankruptcy Code 2016 (Code), position of statutory dues and default in payment of central excise loan referred respectively in "Emphasis on matters" included in the Auditors' report and serial nos. (vii) & (viii) of Annexure to the auditors' report are factual and self explanatory. They have also been adequately explained in Annex.4 to the Directors' report and the auditors' remarks on all the issues have arisen due to Company's sickness and its unsatisfactory financial position. These comments of the auditors would get addressed with satisfactory Corporate Insolvency Resolution of the Company
- 7 Sales from 1st July, 2017 is net of Goods and Service Tax (GST). However sales till the period ended 30th June, 2017 and other comparative periods are gross of Excise Duty. The Company did not have any sale and revenue during the subsequent period i.e. October, 2017 to March, 2018.
- 8 In view of carried forward losses, in drawing up the Accounts, the Company has not considered the impact of deferred tax liability arising out of timing difference.
- 9 Reconciliation of net profit as previously reported under previous GAAP to Ind AS for the quarter and year ended March 31, 2017 is as under:-

(Rs. Lakhs)

Particulars	For the quarter ended 31-03-17	For the year ended 31-03-17
Net Profit as reported under previous GAAP	(7,622.50)	(14,534.00)
Additional depreciation on fair valuation of fixed assets	(241.36)	(965.72)
Depreciation on capitalisation of spares	(23.17)	(92.68)
Reversal of consumption of spares	8.68	8.68
Unwinding of discount	(161.69)	(623.28)
Other Ind AS Adjustments	24.44	56.92
<b>Net Profit under Ind AS</b>	<b>(8,015.60)</b>	<b>(16,150.07)</b>

- 10 Reconciliation of Equity as previously reported under previous GAAP to Ind AS for the year ended 31-03-2017 is as under:-

(Rs. Lakhs)

Particulars	For the year ended 31-03-17
<b>Equity under previous GAAP</b>	(55,044.76)
Fair valuation of fixed assets	19,903.15
Depreciation on capitalisation of spares	(92.68)
Reversal of consumption of spares	8.68
Discounting of NCD	1,370.32
Other Ind AS Adjustments	56.92
<b>Equity under Ind AS</b>	<b>(33,798.37)</b>

- 11 Figures for corresponding previous quarter and previous year have been regrouped and rearranged wherever considered necessary.

## **Independent Auditors' Report**

**TO THE MEMBERS OF**

**Kalyanpur Cements Limited**

### **Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying Standalone Ind AS financial statements of **Kalyanpur Cements Limited** ('the company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereafter referred to as "Standalone Ind AS financial statement").

### **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 Ind AS financial statements to give a true and fair view of the state of affairs (Financial position), loss (financial performance), Cash Flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rules issued there under.

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 the frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 Ind AS financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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



We conducted our audit of the standalone Ind AS financial statement in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statement are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts, and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs (Financial position) of the Company as at 31 March 2018; its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Emphasis of Matter**

We draw attention to the following matters in the Notes to the financial statements:

- (a) As stated in para 28.4A[a(i)] of Note 28 to the Balance Sheet, the claim of BSEB (now South Bihar Power Distribution Company limited) is disputed in respect of 33 KV power connection. The nature of dispute and the details relating thereto have been explained in the above paragraph of Note 28.
- (b) In terms of para 28.15 of Note 28 to the Balance Sheet, documents and papers relating to all the immovable properties including land at Banjari are deposited with IFCI Ltd. Which assigned its' loan earlier granted to the company to Arcil – Kalyanpur Cements Ltd Trust.



- (c) Without qualifying our opinion, though the accounts have been drawn on going concern concept, the accumulated losses at the end of current financial year considering the loss of Rs.9688.16 Lacs for the year amounted to Rs.45535.95 Lacs (Refer Note No.11 in Financial Statement) against the capital and Reserve of Rs.4174.79 Which leaves a negative networth of Rs.41361.16 Lacs. In view of this negative net worth, ability of the company to continue as a going concern is dependent upon the company's performance in terms of the Resolution Plan approved by the Hon'ble National Company Law Tribunal (NCLT) under the provisions of Insolvency and Bankruptcy Code'2016; whose effective date of implementation is yet to be finalised.

### **Report on other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act. (hereinafter referred as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure- "A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable for the year under audit.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flows and Statement of changes in Equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules there under;
  - e) On the basis of written representations received from directors as on March 31, 2018, and 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.



**ANAND RUNGTA & CO.**

Chartered Accountants

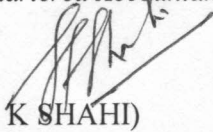
Phone:0612-2332406  
405, Capitol Tower-B  
Fraser Road  
Patna-800001

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure-B; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 pending litigations which impact on its financial position.*
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has not been an occasion in case of the company during the year under report to transfer any sums to the Investor Education and Protection Fund.

For **ANAND RUNGTA & Co.**

Firm's Registration Number: 000681C

Chartered Accountants

  
(S K SHAHI)

Partner

Membership number: 071510



Place: Patna

29<sup>th</sup> May' 2018



**Annexure – “A” to the Independent Auditors’ Report**

Referred to in paragraph 1 under the heading “Report on other Legal and Regulatory Requirements” of our report of even date to the members of Kalyanpur Cements Limited on the financial statements as of and for the year ended 31 March 2018

- (i) In respect of fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at regular intervals; In our opinion, the periodicity of physical verification is reasonable having regard to the size to the Company and the nature of its assets. As informed to us no material discrepancies were noticed on such verification.
- (c) In our opinion and according to information and explanation given to us and on the basis of an examination of the records of the company, the title deeds of the immovable properties are held in the name of the Company; although title deeds were deposited with IFCI Ltd..
- (ii) In respect of inventories:
- The inventory has been physically verified during the period by management. The discrepancies noted on verification between the physical stock and the books were not material and have been properly dealt in the books of accounts.
- (iii) According to the information and explanations given to us the Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) According to the information and explanation given to us the Company has not granted any loans, made any investments or provided any guarantee or security to any party.
- (v) Accordingly to the information and explanation given to us the Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act, 2013.
- (vi) We have broadly reviewed the cost records maintained by the Company as prescribed by the Central Government under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



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Phone:0612-2332406  
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- (vii) (a) According to the information and explanations given to us and on the basis of examination of records of the company, the company is not regular in depositing the undisputed statutory dues including provident fund, Income Tax((TDS), Service tax, Value added tax, GST, Royalty & Cess to the appropriate authorities. The extent of outstanding statutory dues as on 31<sup>st</sup> March, 2018 for a period of more than six months from the date they become payable are given below:-

Sl.No.	Statutory Dues	Outstanding Dues (Rs. in Lacs)
1	Royalty Dues	1719.72
2	VAT/GST Dues	10727.72
3	PF & EPS Dues	2559.04
4	TDS Dues	512.76
5	Cement Cess Dues	16.57
6	Central Excise Duty	159.95
7	Service Tax	16.04

- (b) According to the information and explanations given to us, there has been no instance wherein Income Tax or Sales Tax or Wealth Tax or Service Tax or Duty of Customs or Excise or Value Added Tax or Cess have not been deposited on account of dispute.
- (viii) The Company has defaulted in repayment of Central Excise loan of the Government of India disbursed through IFCI Ltd. As referred to in Note 17 to the Balance Sheet.
- (ix) In our opinion and according to the information and the explanations given to us, the company did not raised any money by way of initial public offer or further public offer or debt Instrument. The fund raised through short term loans have been applied for which the same were raised.
- (x) According to the information and explanation given to us, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the course of audit.
- (xi) According to the information and the explanations given to us, managerial remuneration has been paid or provided accordance with requisite approvals mandated by the provision of section 197 read with schedule V to the Act.
- (xii) According to the information, explanations given to us, the Company is not a Nidhi Company.
- (xiii) According to the information and explanations given to us all transaction with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards (IND AS).
- (xiv) According to the information and the explanations given to us and based on our examination of records of the company, the company has not made any preferential allotment or private placement or fully or partially convertible debenture during the year.




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- (xv) According to the information and the 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.
- (xvi) According to the information and the explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

*For ANAND RUNGTA & Co.*  
Firm's Registration Number: 000681C  
*Chartered Accountants*

  
(S K SHAHI)  
Partner

Membership number: 071510



Place: Patna  
29<sup>th</sup> May'2018

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## **Annexure “B” to the Auditor’s Report of Kalyanpur Cements Ltd**

### **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 controls over financial reporting of Kalyanpur Cements Limited (‘the Company’) as of 31<sup>st</sup> March 2018 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 controls over financial reporting criteria established by the Company considering the essential Components of internal controls stated in the Guidance Note on Audit of Internal Financial controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

#### **Auditor’s 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 u/s 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 Accountant 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 were established and maintained and if such controls operated effectively in all material respects.



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Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls systems 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 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 transaction 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 the 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 Limitation of Internal Financial controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibilities 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 controls over financial reporting may become inadequate because of change in conditions, or that the degree of compliance with the policies or procedure may deteriorate.



**ANAND RUNGTA & CO.**  
Chartered Accountants

Phone:0612-2332406  
405, Capitol Tower-B  
Fraser Road  
Patna-800001

**Opinion**

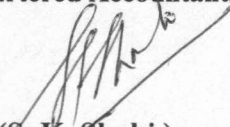
In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 march 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal controls stated in the Guidance Note on Audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountant of India

**Place: Patna**

**Date:-29<sup>th</sup> May' 2018**

**For ANAND RUNGTA & Co.**  
**FRN No. 000681C**  
**Chartered Accountants**



  
**(S. K. Shahi)**

**Partner**  
**M. No. 071510**