

ABG

March 26, 2019

To,
BSE Limited
Listing Department
Phiroze Jeejeebhoy Tower,
Dalal Street, Fort,
Mumbai - 400 001

To,
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051

Scrip Code - 532682
ISIN - INE067H01016

Symbol - ABGSHIP
ISIN - INE067H01016

Subject: Outcome of the Meeting of Resolution Professional held on Tuesday, 26th March 2019 at 04.00 P.M. IST at BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA.

Dear Sir / Madam,

As already informed to you the Company is in financial distress since an extensive period of time which resulted in the Company being admitted into the Corporate Insolvency Resolution Process ("CIRP") as per the provisions of Insolvency and Bankruptcy Code, 2016 by the order of Hon'ble National Company Law Tribunal (hereinafter referred to as "NCLT") dated 01st August 2017. The NCLT vide its Order dated 01st August 2017 has appointed the undersigned, Mr. Sundaresh Bhat (having Insolvency Professional registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) as the Interim Resolution Professional ("IRP") to conduct the CIRP for ABG Shipyard Limited and to exercise all powers and subject and carry out all duties as envisaged under the provisions of the Insolvency and Bankruptcy Code, 2016. Further, the Committee of creditors had appointed Mr. Sundaresh Bhat (having Insolvency Professional registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) as the Resolution Professional ("RP") of ABG Shipyard Limited. This has resulted in suspension of powers of the Board of Directors of the company as per Section 17 of the Insolvency and Bankruptcy Code, 2016.

This is to inform you that, pursuant to the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Resolution Professional ('RP') on March 26, 2019 has considered and taken on record the Annual Audited Standalone Financial Results for the financial year ended 31st March 2018. The Annual Audited Standalone Financial Results for the financial year ended 31st March 2018 is enclosed herewith.

The financial statements have been signed by the Resolution Professional as the independent director / directors have refused to sign.

The positions of Chief Financial Officer and Company Secretary of the Company, as on the date of signing of the Financial Statements were vacant and was vacant way before commencement of CIRP of the Company. The Company has not appointed such key managerial personnel as required under Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointments and Remuneration of Managerial Personnel) Rules, 2014. As such, the Financial Statements may suffer from issues of accuracy, veracity, sufficiency, completeness and reliability.

ABG Shipyard Ltd.

5th Floor, Bhupati Chambers, 13 Mathew Road, Mumbai 400 004, India. Tel.No.+91-22-66563000 Fax No.+91-22-66223050
E-Mail: shipyard@abgindia.com Webpage: www.abgindia.com CIN : L61200GJ1985PLC007730
Regd.Office: Near Magdalla Port, Off Dumas Road, Surat 395 007, Gujarat, India Tel.No.+91 261 2725191

ABG

It is pertinent to note that due to absence of the Chief Financial Officer, Company Secretary and other officials / accountants of the Company and the non-cooperation of the employees, the Resolution Professional made all practical and reasonable efforts from time to time to facilitate information/ data from the officials of the Company in relation to the preparation of the financial statements of the company and also the information required by the auditors for the purpose of carrying out the audit of the financial statements of the Company. The information so facilitated by the Resolution Professional with the limited support of the minimal resources of the Company was provided to the auditors in the due course. It is to be noted that the financial statements for the FY 2017-18 as well as the information provided to the auditors for the purpose of audit of the same (till August 1, 2017), partly pertains to the period prior to the appointment of the Resolution Professional and therefore, while facilitating the collection and dissemination of the said information, the Resolution Professional has relied upon and assumed the accuracy/ veracity of data provided by the officials of the Company and the records of the Company made available to the Resolution Professional, which the Resolution Professional has assumed are in conformity with the applicable law and gives a true and fair view of the position of the Company as of the dates and for the periods indicated therein. The Resolution Professional has not personally verified the information provided by the officials of the Company and has placed confidence in the data/information provided to him. The Resolution Professional believes that the information provided to the auditors for the purpose of the audit of the same does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Accordingly, the Resolution Professional should be absolved from the accuracy, veracity, and sufficiency of such information. The Resolution Professional has signed without any liability for administrative purpose only. Readers and users of these statements are advised to do their due diligence before arriving at any conclusions. It is also pertinent to note that significant financial information is static in nature and carried forward from the previous year.

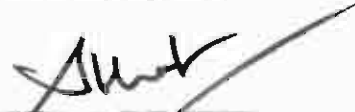
Further this is to bring to your kind attention that as the company is under CIRP process and they are facing difficulties for obtaining relevant data from the subsidiary(ies), hence at present the company has not uploaded the audited consolidated financial statements. You are requested to take the same on record and acknowledged receipt of the same.

The meeting was commenced at 04.00 p.m. and concluded at 08:55 p.m.

You are requested to take the same on record.

Thank You,

Yours Sincerely,



SUNDARESH BHAT

Resolution Professional in the matter of CIRP of ABG Shipyard Limited
Communications Email Address: irp.abg@bdo.in ; sundareshbhat@bdo.in

IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162

IBBI Registered Email: sundareshbhat@bdo.in

IBBI Registered Address: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

Insolvency Profesional Entity: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

ABG Shipyard Ltd.

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Statement of Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Standalone Audited Financial Results

I) Statement on Audit Qualifications for the Financial Year ended March 2018
[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]

Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualification) INR in Lakhs	Audited Figures (as reported after adjusting for qualification) INR in Lakhs
1	Turnover /Total Income	874.63	874.63
2	Total Expenditure	4,93,688.86	4,93,688.86
3	Net Profit/ (Loss)	(4,93,741.65)	(4,93,741.65)
4	Earnings Per Share	(503.22)	(503.22)
5	Total Assets	6,78,525.20	6,78,525.20
6	Total Liabilities (Excluding NW)	20,43,957.40	20,43,957.40
7	Net Worth	(13,65,432.20)	(13,65,432.20)
8	Any other financial item(s)(as felt appropriate by the management)	-	-

II) Audit Qualification (each audit qualification separately)

- a) Details of Audit Qualification:** Disclaimer of Opinion
b) Type of Audit Qualification: ~~Qualified Opinion/~~ Disclaimer Opinion/ ~~Adverse Opinion~~
c) Frequency of Qualification: Repetitive (Disclaimer of Opinion issued for FY 2016-17 and FY 2017-18)
d) For Audit Qualification(s) where the impact is quantified by the auditor, Management's view: Not Quantified by the Auditor
e) For Audit Qualification(s) where the impact is not quantified by the Auditor:
 i) **Management's estimation on the impact of Audit Qualification:**
 Not Applicable
 ii) **If management is unable to estimate the impact, reasons for the same:**
 The company is currently under "Corporate Insolvency Resolution Process" as per the provisions of Insolvency and Bankruptcy Code, 2016 by the order of NCLT dated 1st August, 2017. This has resulted in suspension of powers of the Board of Directors of the company and therefore no Board is available and hence the authority now rests with Mr. Sundaresh Bhat (having Insolvency Professional Registration No. IBBI/IPA-001/IP-P00077/2017-2018/10162) as the Resolution Professional (RP) of ABG Shipyard Limited. Majority of the issues pertaining to the financials on which the opinion is disclaimed are carried forward from the legacy period prior to Corporate Insolvency Resolution Process.

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iii) Auditor's Comments on (i) or (ii) above:

Our Audit Report Dated March 26, 2019; because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph above read with Note 44 of the Standalone Ind AS Financial Statements, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the aforesaid Standalone Ind AS financial statements.

SUNDARESH BHAT
INSOLVENCY PROFESSIONAL
IBBI / IPA-001 / IP-P00077 / 2017-18/10162

III) Audit Qualification (each audit qualification separately)

- Mr. Sundares Bhat : Resolution Professional



Sbhat

Sundares Bhat

Resolution Professional – ABG Shipyard Limited
Signed without any liability for administrative purpose only.

- GMJ & Co. - Statutory Auditor

Jayin



Place: Mumbai

Date: March 26, 2019

ABG Shipyard Ltd.

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ABG SHIPYARD LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	Notes	March 31, 2018	March 31, 2017
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	4	54,481.98	60,469.82
(b) Capital Work-in-Progress	4	1,15,002.39	1,54,754.99
(c) Intangible Assets	5	7.36	21.24
(d) Financial Assets			
(i) Investments	6A	18,788.13	18,788.13
(ii) Other Financial Assets	6C	33.02	2,714.52
(e) Deferred Tax Asset (Net)	11	-	8,756.73
(f) Other Non-Current Assets	12	829.45	912.92
		1,89,142.33	2,46,418.34
Current assets			
(a) Inventories	7	4,57,968.25	4,79,449.72
(b) Financial Assets			
(i) Trade Receivables	8	1,277.14	1,291.88
(ii) Cash and Cash Equivalents	9	60.40	1,358.64
(iii) Bank Balances Other than (ii) above	10	852.70	1,200.12
(iv) Loans	6B	-	7,407.05
(v) Other Financial Assets	6C	170.05	2,352.19
(c) Other Current Assets	12	29,054.33	89,683.37
		4,89,382.87	5,82,742.97
TOTAL		6,78,525.20	8,29,161.31
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	13	9,968.37	9,968.37
(b) Other Equity	14	(13,75,400.57)	(8,73,776.81)
		(13,65,432.20)	(8,63,808.44)
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	-	-
(b) Provisions	19	634.37	632.01
		634.37	632.01
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	-	-
(ii) Trade Payables			
Micro, Small and Medium Enterprises		58.22	58.22
Others		43,381.26	44,126.87
(iii) Other Financial Liabilities	17	19,43,464.10	15,28,267.65
(b) Other Current Liabilities	18	49,600.56	1,13,008.12
(c) Provisions	19	1,473.86	1,531.86
(d) Current Tax Liabilities (Net)	20	5,345.02	5,345.02
		20,43,323.03	16,92,337.74
TOTAL		6,78,525.20	8,29,161.31

Significant Accounting Policies and Notes forming part of the Financial Statements

1 to 48

As per our report of even date attached
 For GMJ & Co
 Chartered Accountants
 F.R.No. 103429W


 Sarjeev Maheshwari
 Partner
 M.No.: 038755




 Insolvency Resolution Professional
 Sundaresh Bhat

Resolution Professional of ABG Shipyards Limited
 Signed without any liability for administrative purpose only.

SUNDARESH BHAT
INSOLVENCY PROFESSIONAL
 IBBI / IPA-001 / IP-P00077 / 2017-18/10162

Mumbai

Date: 26 MAR 2019

Mumbai

Date: 26 MAR 2019



ABG SHIPYARD LIMITED**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

(Amount in INR Lakhs)

Particulars	Notes	2017-18	2016-17
REVENUE			
Revenue from operations (net)	21	659.49	1,639.74
Other income	22	215.14	462.90
Total Revenue (I)		874.63	2,102.64
EXPENSES			
Consumption of raw material and components	23	500.87	1,112.85
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	24	15,403.06	16,809.65
Employee benefits expense	25	2,595.23	3,948.85
Finance costs	26	1,91,228.66	1,50,384.38
Depreciation and amortization expense	27	5,997.50	7,079.20
Other expenses	28	9,444.84	20,494.70
Total Expenses (II)		2,25,170.15	1,99,829.64
Loss before exceptional items and tax(I-II)		(2,24,295.52)	(1,97,727.00)
Exceptional Items	29	2,68,571.50	3,73,855.10
Loss before tax		(4,92,867.02)	(5,71,582.10)
Tax expense:			
Current tax		-	-
Adjustment of tax relating to earlier periods		-	-
Deferred tax		8,756.73	-
Profit/(loss) for the period from continuing operations		(5,01,623.75)	(5,71,582.10)
DISCONTINUED OPERATIONS			
Profit/(loss) before tax for the year from discontinued operations		-	-
Tax Income/(expense) of discontinued operations		-	-
Profit/(loss) for the period from discontinued operations		-	-
Loss for the period		(5,01,623.75)	(5,71,582.10)
OTHER COMPREHENSIVE INCOME			
A. Other Comprehensive income not to be reclassified to profit and loss in subsequent periods:			
Remeasurement of gains (losses) on defined benefit plans		-	111.63
Income tax effect		-	-
B. Other Comprehensive income to be reclassified to profit and loss in subsequent periods:			
Other Comprehensive income for the year, net of tax		-	111.63
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(5,01,623.75)	(5,71,470.47)



ABG SHIPYARD LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Earnings per share (EPS) for profit attributable to equity shareholders	30		
Basic		(503.22)	(687.22)
Diluted		(503.22)	(687.22)

Significant Accounting Policies and Notes forming part of the Financial Statements 1 to 48

As per our report of even date attached

For GMJ & Co

Chartered Accountants

F.R.No. 103429W



Sanjeev Maheshwari

Partner

M.No.: 038755



Mumbai

Date: 26 MAR 2019



Insolvency Resolution Professional
Sundaresh Bhat

Resolution Professional of ABG Shipyard Limited
Signed without any liability for administrative purpose only.

SUNDARESH BHAT
INSOLVENCY PROFESSIONAL
IBBI / IPA-001 / IP-P00077 / 2017-18/10162

Mumbai

Date: 26 MAR 2019



ABG SHIPYARD LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018**

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss before tax	(4,92,867.02)	(5,71,582.10)
Adjustments for:		
Depreciation and amortisation expense	5,997.50	7,079.20
Loss on disposal of property, plant and equipment	0.41	3.84
loss allowance on doubtful debts	106.97	8,103.08
Impairment on Property, plant and equipment	39,752.60	39,753.48
Impairment on Investment in subsidiaries/CA	-	3,224.38
Loss on write down of inventories	32,497.34	1,00,309.20
Foreign exchange loss on invocation of guarantees on cancelled contracts	-	34,948.46
Provision for loss on loans and advances to related parties	1,63,140.89	1,55,803.23
Provision for loss on advances to suppliers	5,000.00	12,000.00
Provision for loss on Government subsidy	24,968.89	24,996.00
Provision for loss on others	3,211.79	19,960.04
Recognition of loss in vessels in progress	-	6,680.00
Sundry balance written back	(22.67)	(13.31)
Finance costs classified as financing cash flows	1,91,228.66	1,50,384.38
Interest income classified as investing cash flows	(148.76)	(366.42)
Amortisation of Rent	114.06	271.57
Change in operating assets and liabilities:		
(Increase)/decrease in trade receivables	(95.90)	(1,810.83)
(Increase)/decrease in inventories	(11,015.87)	(2,54,760.38)
Increase/(decrease) in trade payables	(722.93)	(3,269.96)
(Increase)/decrease in other financial assets	188.00	1,882.58
(Increase)/decrease in other assets	(37,448.16)	(11,399.55)
(Increase)/decrease in other bank balances	347.42	(46.19)
(Increase)/decrease in loans	(86,051.08)	(4,200.45)
Increase/(decrease) in provisions	(55.65)	910.15
Increase/(decrease) in other financial liabilities	1,551.47	(33,267.70)
Increase/(decrease) in other liabilities	(63,407.55)	(65,265.21)
Cash generated from operations	(2,23,729.21)	(3,79,672.50)
Less: Income taxes paid	15.71	(26.41)
Net cash inflow from operating activities	(2,23,744.92)	(3,79,646.09)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	-	(2.38)
Proceeds on sale of property, plant and equipment	3.81	(0.00)
Interest received	16.95	21.85
Net cash outflow from investing activities	30.76	19.47



ABG SHIPYARD LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018**

Particulars	2017-18	2016-17
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings		
Bank Guarantee/Corporate Guarantee Invoked	2,21,619.98	3,76,456.21
Corpus from Lenders during CIRP	297.17	-
Others	498.77	-
Interest Paid	(0.00)	(0.00)
Net cash inflow (outflow) from financing activities	2,22,415.92	3,76,456.21
Net increase (decrease) in cash and cash equivalents	(1,298.24)	(3,170.40)
Cash and Cash Equivalents at the beginning of the financial year	1,358.64	4,529.05
Cash and Cash Equivalents at end of the year	60.40	1,358.64
Reconciliation of cash and cash equivalents as per the cash flow statement:		
Cash and cash equivalents as per above comprise of the following:		
Balances with banks on current account	60.10	1,356.45
Cash on Hand	0.30	2.19
Balances per statement of cash flows	60.40	1,358.64

Significant Accounting Policies and Notes forming part of the Financial Statements

1 to 48

As per our report of even date attached

For GMJ & Co

Chartered Accountants

F.R.No. 103429W



Sanjeev Maheshwari

Partner

M.No.: 038755



 Insolvency Resolution Professional
 Sundaresh Bhat
Resolution Professional of ABG Shipyards Limited
Signed without any liability for administrative purpose only.
SUNDARESH BHAT
INSOLVENCY PROFESSIONAL
IBBI / IPA-001 / IP-P00077 / 2017-18/10162

Mumbai

Date:

26 MAR 2019

Mumbai

Date:

26 MAR 2019



INDEPENDENT AUDITOR'S REPORT

To The Members of ABG Shipyard Limited

1. Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **ABG Shipyard 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 Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS financial statements")

2. Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Management 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 that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with 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 thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The Hon'ble National Company Law Tribunal, Mumbai ("NCLT") on August 1, 2017 admitted the Corporate Insolvency Resolution Process ("CIRP") application filed against the Company and appointed Mr. Sundaresh Bhat as the Interim Resolution Professional in terms of the Insolvency and Bankruptcy Code, 2016 ("Code"). Further, the committee of creditors constituted during the CIR process has confirmed appointment of Mr. Sundaresh Bhatt as the Resolution Professional ("RP") to manage the affairs of the Company. In view of the pendency of the CIR process, the power and responsibilities of the Board of Directors shall vest with the RP under the provisions of the Code.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on conducting our audit in accordance with the Standards on Auditing, under Section 143(10) of the Act.

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

Because of the matters described in the "Basis for disclaimer of opinion" paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.



4. Basis for Disclaimer of Opinion

- i. As stated in Note 43 Management has prepared Standalone Ind AS Financial Statements on a going concern basis in spite of following facts and circumstances:
- The company has reported loss after tax of INR 5,01,623.75 lakhs during the year and net liabilities exceeds net assets by INR 13,65,432.20 lakhs;
 - There are prolonged suspension of operations at Dahej and operations of Surat Shipyard were suspended during the current financial year and revenue recognition also stopped on the same from October, 2017;
 - Legal proceedings pending before Judicial Authorities seeking compensations and winding up of the Company;
 - National Company Law Tribunal ("NCLT") petition for insolvency proceedings initiated by lenders against the Company vide order C.P. (IB) No. 53/7/NCLT/AHM/2017 dated August 1, 2017 for Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016.
- Post the balance sheet date, in view of resolution plans received not being acceptable, the COC have resolved on 20th February, 2019 to liquidate the company. Consequently, an application for the liquidation of the company has been filed with the NCLT and the matter is sub judice.

All these above mentioned conditions cast significant doubt about the Company's ability to continue as a going concern. The Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Company may have to reclassify non-current assets and liabilities to current assets and liabilities respectively. The financial statements do not include any adjustment which may arise from these uncertainties. Due to these conditions at the date of this report, we are unable to ascertain the impacts of the same on the financial statements.

- ii. As stated in Note 4, the Company on the basis of an internal evaluation provided INR 39,752.60 lakhs as impairment on capital work-in-progress for Dahej Shipyard Project. In the absence of any external technical evaluation from valuation expert and limited information provided to us, we are unable to comment on the net realisable value / value in use of the capital work-in-progress of INR 115,002.39 lakhs carried in these financial statements.

Similarly, in view of prolonged suspension of ship building activities, the plant and equipment amounting to INR 15,484.61 lakhs could have an impact on the net realisable value / value in use as at the reporting date. The Company has not tested these assets for impairment. In view of limited information provided to us by the management, we are unable to comment on the value of plant and equipment carried in these financial statements.

- iii. As stated in Note 6(A), the Company has carried investment in ABG Shipyard Singapore Pte. Limited, a wholly owned subsidiary, amounting to INR 3.27 lakhs in equity shares and INR 18,783.86 lakhs in preference shares for which the management estimated the recoverable value to be equivalent to carrying value and not provided for impairment. In the absence of audited financial statements of the investee, we are unable to comment on the recoverable amount as estimated by the management.



For preference shares the redemption terms have not been provided to us, therefore we are unable to comment on the recoverability of the same.

As depicted in Note 36, investment in preference shares of ABG Shipyard Singapore Pte. Limited are carried at fair value through profit and loss at each reporting date. However, in absence of evidence relating to fair valuation of these investments, we are unable to comment on the fair value of these investments as considered by management.

Further, the preference shares investments have not been reinstated at year end exchange rate. As result of non-accounting of the effect of exchange fluctuation, the investment as at the year-end is understated by INR 8,613.37 lakhs and the loss for the year is overstated by INR 86.56 lakhs.

- iv. As depicted in Note 6(C) to the financial statements security deposits of INR 33.02 lakhs are outstanding for a long time. In the absence of recoveries and confirmation/communication from these parties, we are unable to comment on the recoverability of these outstanding.
- v. In view of pending confirmations/reconciliation from certain banks and financial institutions for different types of accounts including non-fund based limits, we are unable to comment on the impact, if any, on the financial statements arising out of such pending confirmations / reconciliation.

Further, as stated in Note 6(C) with respect to one of the bank account an amount of INR 1,937.22 lakhs debited by bank is pending for reconciliation and is classified as other financial assets for which the company has made provision of INR 1,937.22 lakhs. We are unable to comment on the impact on the financial statements arising out of the clearance of the said account.

- vi. In respect of inventories and contractual receivables outstanding as at March 31, 2018:
 - a) As depicted in Note 7, the Company on the basis of an internal evaluation provided INR 5,299.40 lakhs and INR 15,403.06 lakhs as write down of inventories of raw material and work in progress respectively. In view of uncertainty of resumption of future operations, the physical condition of inventories and the absence of valuation report, either internally prepared or from the valuation expert, we are unable to comment on the realisability of raw material and work in progress amounting to INR 47,694.56 lakhs and INR 138,627.51 lakhs respectively carried in these financial statements.
 - b) As depicted in Note 7, the Company has provided for loss to the extent of INR 27,197.94 lakhs in respect of contractual receivables (Third Party Inventories). In view of suspension of operations, uncertainty of recoverability of long aged receivables, novation to third party, revocation of bank guarantees by some of the customers and absence of confirmations as at the year end, we are unable to comment on the recoverability of contractual receivable of INR 271,646.18 lakhs carried in these financial statements.
 - c) In the absence of any documentary evidence from the parties for the continuation of contracts, we are unable to comment on the status of the contracts and adjustment, if any required for the same in the financial statements.
 - d) The Company substantially concluded rig building contracts with respect to two rigs. The Company, during the previous year, transferred title in goods without transferring risks associated with ownership and physical possession and derecognised contractual receivables (presented under



inventories) amounting to INR 175,221.86 lakhs with corresponding derecognition of advances from customers. As a result, the inventories and advances from customers are understated by INR 175,221.86 lakhs.

- e) During the year, the company has not provided for loss on future cost to complete contractual vessels in progress on the basis of internal estimation. No supporting evidence for such estimate of cost to completion was provided to us for our verification. In absence of sufficient appropriate audit evidence of provision of loss on future cost to complete contractual vessels in progress, we are unable to comment, if any provision for loss on future cost is required for the completion of the contract.
- vii. As depicted in Note 12, capital advances of INR 12.77 lakhs, security deposits of INR 428.83 lakhs and refunds due from Income Tax Authorities of INR 387.85 lakhs are outstanding for a long time. In the absence of recoveries and confirmation/communication from the parties, we are unable to comment on the recoverability of these outstanding.
- viii. As depicted in Note 12, with respect to advances to suppliers, the Company has provided for loss of INR 5,000.00 lakhs as doubtful of recovery. In the absence of confirmations from suppliers, evidence on resumption of company's operations and its plan to procure goods and services against these advances, we are unable to comment on the estimate of provision made by management and recoverability of the balance advances of INR 28,719.18 lakhs.
- ix. The Company has not provided for deferred tax liabilities as required under Ind AS 12 on 'Income Taxes'. The Company has also not provided supporting documents for working deferred tax liabilities and hence we are unable to comment on the value of such liability which is not recognised in these standalone Ind AS financial statements.
- x. As depicted in Note 13 and 17, the management classified 0.01% compulsory convertible preference shares of INR 10,095.36 lakhs, as at March 31, 2018, as current financial liability, which is carried at transaction amount without being fair valued. The impact of fair valuation in the carried cost of preference shares and the amortised cost on the statement of profit and loss is not ascertained by the management.
- xi. As depicted in Note 14, in the current financial year the company has not transferred any amount from Property, Plant and Equipment reserve to retained earnings. In absence of any information, we are unable to comment on the impact of the same on the financial statements.
- xii. As depicted in Note 15 and 17, the borrowings from the Lenders have been considered on the basis of the financial claims received under the CIRP by the Resolution Professional. The documentary evidence for all the claims are not made available to us, hence we are unable to comment on the completeness of the same.
- xiii. As depicted in Note 17 and 26, the management has not provided for finance cost after initiation of CIRP process on all the loans from the financial creditors w.e.f 1st August, 2017. Therefore interest expense is understated to that extent and Loss is understated to that extent.
- xiv. As depicted in Note 16, Trade payables amounting to INR 43,439.48 lakhs is subject to confirmation. Adjustment, if any, will be accounted for as and when the same is reconciled.



- xv. As depicted in Note 19, the Company has not obtained valuation from an actuary as required by Ind AS 19 "Employee Benefits". In the absence of the report we are unable to ascertain the impact of the same on Financial Statements, if any.
- xvi. The management has not provided for penal provisions for unpaid statutory dues and also other non-compliances, with the provisions of various laws and regulations applicable to the Company. We are unable to comment on the impact of the non-compliances on the financial statements, if any.
- xvii. As stated in Note 33, contingent liabilities with respect to corporate guarantees issued on behalf of group companies of INR Nil and legal claims of INR 126,675.40 lakhs are estimated by the management. The Company has not obtained/provided confirmations from group companies of outstanding balances against the guarantee given by the Company and accordingly the recorded amount could not be verified. Also, no updated status for the outstanding legal claims was provided by the management as at March 31, 2018.
- xviii. We draw attention to the following matters in the Notes to the Standalone Ind AS financial statements:
- a) Note 4 on property, plant and equipment, Note 6(A) on investment in subsidiaries and Note 12 on other assets, disclosures with respect to identification of Cash Generating Units (CGUs), aggregation of CGUs, recoverable amounts of CGUs, level of fair value hierarchy, inputs and assumptions used for calculating value in use of CGUs as required by Ind AS 36 on 'Impairment of Assets' are not disclosed in the standalone Ind AS financial statements.
 - b) Note 4 regarding property, plant and equipment on finance lease, disclosures with respect to reconciliation of future minimum lease payments and their present value, future minimum lease payments and their present values for the prescribed period, contingent rent recognised as an expense and general description of material leasing arrangements as required by Ind AS 17 on 'Leases' are not disclosed in the standalone Ind AS financial statements.
 - c) Note 8 regarding trade receivables, disclosure requirements of Schedule III have not been complied with.
 - d) Note 11 regarding Income tax, disclosures with respect to unrecognized deductible temporary differences and reconciliation of tax expense with accounting profit multiplied by effective income tax rate as required by Ind AS 12 on 'Income taxes' has not been fully disclosed for the periods presented.
 - e) Note 15 regarding borrowings, disclosures as required by Schedule III related to nature of security and repayment terms of all the borrowings have not been updated on revocation of CDR scheme and initiation of CIRP process.
 - f) Note 17 regarding Borrowings the disclosure relating to changes in financial liabilities due to financing activities cash flows as required by IND As 7 'Statement of Cash Flows' has not been disclosed.
 - g) Note 31 regarding employee benefit obligations, disclosures with respect to benefits to employees as required by Ind AS 19 have not been disclosed in the standalone Ind AS financial statements, in view of non-availability of information with the Company.
 - h) Note 32 on Government grants, disclosures with respect to unfulfilled conditions and other contingencies attached with government grants recognised as required by Ind AS 20 on 'Accounting for Government Grants and Disclosure of Government Assistance' have not been disclosed. Note 33 on contingent liabilities, disclosures with respect to brief description of the nature of all contingent liabilities including uncertainties relating to the amount or timing of any outflow as required by Ind AS



37 on 'Provisions, Contingent Liabilities and Contingent Assets' are not disclosed in the standalone Ind AS financial statements.

- i) Note 34 regarding related party transactions, disclosures related to compensation to key management personnel, terms and conditions of transactions with related parties, commitments with related parties, details of guarantee received or given on behalf of related parties, expenses recognized in respect of bad and doubtful debts and principal place of business and ownership interest of subsidiaries and associates as required by Ind AS 24 on 'Related Party Disclosures' have not been fully disclosed for the periods presented.
- j) Note 36 on fair value measurement, disclosures with respect to quantitative information about the significant unobservable inputs for level 3 fair value measurement, reconciliation of balances of financial instruments measured using level 3 of fair value measurement, gains and losses recognised in the statement of profit and loss, unrealized gains or losses on financial instruments, description of valuation processes followed by the entity for fair value measurement, narrative description of the sensitivity for recurring fair value measurement categories within level 3, specified information for fair value measurement of financial instruments using present value technique, risk and uncertainty used in present value technique including adjustments to inputs as required by Ind AS 113 on 'Fair value Measurement' have not been disclosed in the standalone Ind AS financial statements. Note 36 regarding financial risk management, the policies as disclosed in the financial statements for risk management has not been documented and approved by the board.
- k) Note 36, 37 and 38 on financial instruments, disclosures with respect to offsetting financial assets and financial liabilities, gains and losses on financial assets measured at fair value through profit and loss in the statement of profit and loss, reconciliation by class of financial instruments for 12 month expected credit loss and lifetime expected credit loss, explanation on significant changes in the gross carrying amount of financial instruments contributed to changes in loss allowance for each class of financial instruments, contractual amount outstanding on financial assets that were written off during the period but are still subject to enforcement activity, exposure to credit risk on loan commitments and financial guarantee contracts as required by Ind AS 107 on 'Financial Instruments: Disclosures' have not been disclosed in the standalone Ind AS financial statements.
- l) Note 41 regarding disclosures on construction contract have not been made for the current financial year.

xix. In respect of identified non-compliance with provisions of the Companies Act, 2013:

- a) The Company has not prepared and presented Consolidated Ind AS financial statements for the year ended March 31, 2018 as required under section 129(3) of the Companies Act, 2013.
- b) The Company has not appointed Internal Auditors as required by Section 138 of the Companies Act 2013.
- c) As required by Section 204 of the Companies Act, 2013, the company has not obtained secretarial audit report from a company secretary in practice. In absence of secretarial audit report and secretarial records maintained by the company, we are unable to ascertain whether the company has complied with all the legal and regulatory provisions.
- d) As required by Section 71 of the Companies Act, 2013 read with Rule 18 of Companies (Share Capital and Debentures) Rules, 2014 as amended, the Company has not invested 15% of the amount of Debenture in the specified securities.

Accordingly, we are unable to comment on the possible impact, if any, of non-compliance with the provisions of the Act.



5. Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph above read with Note 44 of the Standalone Ind AS Financial Statements, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the aforesaid Standalone Ind AS financial statements.

6. Report on Other Legal and Regulatory Requirements

- I. 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 "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
- II. As required by section 143(3) of the Act, we report that:
 - a) As described in the basis for disclaimer of opinion paragraph, we sought but were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) Due to the possible effects of the matter described in the basis for disclaimer of opinion paragraph, we are unable to state whether proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flows and statement of changes in equity dealt with by this report are in agreement with the books of account;
 - d) Due to the possible effects of the matter described in the basis for disclaimer of opinion paragraph, we are unable to state whether the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with relevant rules issued thereunder;
 - e) The matters described in the basis for disclaimer of opinion and Report on Internal Financial Controls over financial reporting (**Annexure B**), in our opinion, may have adverse effect on the functioning of the Company;
 - f) Management is unable to provide us the evidence regarding director's qualification as on 31st March, 2018 for being appointed on board as the same have not been received from the directors to the Resolution Professional. In view of this, we are unable to comment whether directors are disqualified from being appointed as director in terms of Section 164(2) of the Act;
 - g) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the basis for disclaimer of opinion paragraph above and Report on Internal Financial Controls over financial reporting (**Annexure B**);
 - h) 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**";
 - 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. In view of the related matters described in the basis for disclaimer of opinion paragraph, we are unable to state whether Note 33 to the standalone Ind AS financial statements discloses the complete impact of pending litigations on its financial position;



- ii. In view of the related matters described in the basis for disclaimer of opinion paragraph, we are unable to state whether the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company does not have any derivative contract; and
- iii. There has been unclaimed dividend of INR 5.09 lakhs which is required to be transferred to the Investor Education and Protection Fund by the Company, but the same has not been transferred.

For GMJ & Co
Chartered Accountants
(F.R.No. 103429W)



Sanjeev Maheshwari

Partner

M. No. 038755

Place: Mumbai

Date: 26th March 2019



“Annexure A” to Independent Auditor’s Report

(Referred to in paragraph 6 (I) under ‘Report on Other Legal and Regulatory Requirements’ section of our Independent Auditor’s Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2018)

(i)

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. However, the Company is in process of reconciling the values of individual assets as per fixed assets register with those recorded in financial records.
- b) The Fixed Assets of the company are substantially located in two Shipyards i.e. Surat and Dahej. Fixed Assets have not been physically verified by the management during the year, therefore we are unable to comment on the discrepancies due to physical verification with the books of account, if any.
- c) According to the information and explanation provided to us by the management, title deeds of immovable properties are held in the name of the Company; except for certain freehold lands at Dahej having value of INR 72.93 Lakhs, certain freehold lands at Surat and Kolkata amount not determined, which is pending for registration with concerned authorities. We have not been able to verify most of the title deeds of immovable properties as the same were not made available for our verification.

(ii) We have been informed by the management, that the inventories at its shipyards have been physically verified during the year. However, the details or documents with respect to the same have not been made available to us for our verification. As informed to us, discrepancies noticed between book records and physical inventories were not material. Pending reconciliation of such discrepancies, no adjustment for the same is made in the accounts. In view of above we are unable to comment on the reasonableness of physical verification and the treatment of discrepancies on such verification.

Physical verification has not been carried out during the year for inventories lying with Customs Authorities/ Bonded Warehouse and hence we are unable to comment on the same.

(iii) The Company has not updated the register maintained under section 189 of the Companies Act, 2013 hence our comment on the loans given is to the extent entries recorded in the register and/or as confirmed by the management.

- a) Interest free loans and advances given to parties listed in the register are without stipulation as to repayment. As such these loans are, prima facie, at the terms and conditions which are prejudicial to the Company’s interest.



As there is no stipulation as to repayment date of principal amount, clause (iii) (b) & (c) of the order are not commented on.

- (iv) As information relating to the interests of directors in other companies as required under section 185 of the Companies Act, 2013 are not made available to us, we are unable to confirm the compliance with the provisions of the said section for loans and investments by the Company. The Company had given loans to certain parties covered under section 186 of the Companies Act, 2013, in respect of which no interest has been charged, which is not in compliance with section 186 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanation provided to us by the management, there are no deposits accepted from the public, hence clause 3(v) is not applicable.
- (vi) We could not review the cost records maintained by the Company pursuant to the Section 148(1) of the Companies Act, 2013 due to non-availability of such records for our review, and hence we are unable to comment on whether the prescribed cost records have been maintained.
- (vii) a) According to the information and explanation provided to us by the management, there has been an instance of inordinate delays and defaults in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities. The following undisputed statutory dues are outstanding in the financial statements for a period of more than six months as at March 31, 2018 from the date they became payable :

Name of the Statute	Nature	Financial Year	Amount in Rs. Lakhs*
Income Tax Act 1961	Income Tax	2003-04 to 2009 - 10 (assessment by settlement Commission), 2011-12 & 2012-13	5,345.02
Gujarat VAT Act 2003	VAT	2013-14, 2015-16 to 2017-18	562.81
Income Tax Act 1961	TDS	2013-14 to 2017-18	1341.80
Profession Tax Act, 1975	Profession Tax	2012-13 to 2017-18	64.61
The Finance Act, 1994	Service Tax	2015-16 to 2017-18	140.67
The Employees' Provident Fund Scheme, 1952	Provident Fund	2015-16 to 2017-18	609.74
Goods and Service Tax Act, 2017	GST	2017-18	11.57

*As per the Books of Accounts



- b) According to the information and explanation provided to us by the management, with respect to dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax, the following dues have not been deposited with the appropriate authorities on account of disputes:

Name of the Statute	Nature of Dues	Financial Year	Amount in Lakhs	Forum where dispute is pending
The Finance Act, 1994	Service Tax	2004-05 to 2010-11	#1,436.46	CESTAT
The Customs Act, 1962	Customs Act	2012-2013	#2,01,273.99	High Court
Income Tax Act, 1961	Income Tax	2010-11	*271.58	CIT (Appeal)
The Employees' Provident Fund Scheme, 1952	Provident Fund	2009-15	**716.78	Assistant Provident Fund Commissioner & Recovery Officer

As represented by the management

* Latest status is not available with the company.

** As per the claim submitted for CIRP process

- (viii) According to the information and explanation provided to us by the management, the Company has defaulted in respect of dues to financial institutions, banks and debenture holders during the financial year. The amount of defaults are as under :

Particulars	Amount of default as at the reporting date (in Lakhs)**	Period of defaults
(i) Name of Lenders -		
Banks:		
Andhra Bank	28,317.23	*
Bank of Baroda	117,784.02	*
Bank of India	65,776.00	*
Canara Bank	3,431.90	*
Central Bank of India	3,235.73	*
Development Credit Bank	8,735.51	*
Dena Bank	32,215.51	*
Deutsche Bank	22,093.49	*
EXIM Bank	101,601.84	*
ICICI Bank	530,321.31	*

Particulars	Amount of default as at the reporting date (in Lakhs)**	Period of defaults
Indian Bank	1,499.29	*
Indian Overseas Bank	93,561.73	*
Lakshmi Vilas Bank	4,969.35	*
Oriental Bank of Commerce	56,984.29	*
Punjab and Sind Bank	2,734.27	*
Punjab National Bank	1,01,003.63	*
Royal Bank of Scotland	3,458.67	*
South Indian bank	11,299.65	*
Standard Chartered Bank	56,326.28	*
State Bank of India	231,697.24	*
Syndicate bank	39,163.75	*
Yes Bank	573.98	*
PNB International Short Term Loan	8,158.85	*
SBM Bank Short Term Loan	11,459.48	*
SBI SINGAPORE Short Term Loan	36,064.66	*
Financial institutions:		
IFCI	22,051.69	*
SICOM	19,070.99	*
(ii) Debentures		
Life Insurance Corporation Of India	10,847.64	*

* The period of default has not been ascertained by the management.

**Lenders have been considered on the basis of the financial claims received under the CIRP.

No independent specific confirmation from lenders of above defaults is made available to us by the management.

- (ix) The Company has not raised money by way of initial public offer, further public offer (including debt instruments) and term loans during the year.
- (x) According to the information and explanation provided to us by the management, we report that no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year, except that after the balance sheet date and before the signing of Audit Report the Resolution Professional has in the process of CIR process filed with NCLT Ahmedabad applications as under:

Sr. No.	Sections of IBC	Amount in Lakhs
1	44,48,66 and 67	22,852.79
2	60(5)(C)	74,678.79
3	66	47,316.17



As the relevant documents and information are not made available to us and the matter is sub judice, we are unable to comment on impact of the same, if any.

Also, in earlier years, some creditors have issued notices and commenced legal proceedings against the Company alleging fraud for hypothecation of inventory with lenders, without clear title due to non-clearance of their dues, which is yet to be concluded. Further, Directorate of Revenue Intelligence, Mumbai has alleged fraud by the Company's officers pertaining to certain imports in earlier years and issued an order levying penalty on the Company and its officers. The same has been challenged by filing writ petition in the high court, which is pending for disposal.

- (xi) The Company has paid/provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanation provided to us by the management, the company is not a Nidhi Company. Therefore clause (xii) of the said order is not applicable to the company.
- (xiii) In our opinion and according to the information and explanation provided to us by the management, as the register under section 189 has not been updated, we are unable to comment on compliance with section 177 and Section 188 of the Companies Act, 2013 with respect to transactions with related parties. However, details of related party transactions to the extent available with the management have been disclosed in Note 34 to the standalone Ind AS financial statements as certified by the management.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation provided to us by the management, the company has not entered into any non-cash transactions with the directors or persons connected with them.
- (xvi) According to the information and explanation provided to us by the management, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For GMJ & Co
Chartered Accountants
(F.R.No. 103429W)



Sanjeev Maheshwari
Partner
M. No. 038755
Place: Mumbai
Date: 26th March 2019



“Annexure B” to Independent Auditor’s Report

(Referred to in paragraph 6 (II) (h) under ‘Report on Other Legal and Regulatory Requirements’ section of our report)

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

To the Members of ‘ABG Shipyard Limited’

We were engaged to audit the internal financial controls over financial reporting of ABG Shipyard Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS financial statements for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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 under section 143(10) of the Act, 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.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

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) pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;



(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Disclaimer of Opinion

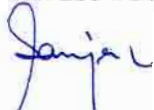
The system of internal financial controls over financial reporting with regard to the Company were not made available to us to enable us to determine if the Company has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2018.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Standalone Ind AS financial statements of the Company, and the disclaimer has affected our opinion on the Standalone Ind AS financial statements of the Company and we have issued a disclaimer of opinion on the standalone Ind AS financial statements.

For GMJ & Co

Chartered Accountants

(F.R.No. 103429W)

**Sanjeev Maheshwari**

Partner

M. No. 038755

Place: Mumbai

Date: 26th March 2019