

# B S R & Co. LLP

Chartered Accountants

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## INDEPENDENT AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF KUANTUM PAPERS LIMITED

#### Report on the audit of the Annual Financial Results

#### Qualified Opinion

We have audited the accompanying annual financial results of Kuantum Papers Limited (hereinafter referred to as the "Company") for the year ended 31 March 2020, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in "Basis of Qualified Opinion" section of our report, the aforesaid annual financial results:

- are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March 2020.

#### Basis for Qualified Opinion

We draw attention to the fact that the Company has during the period January – March 2020, given advances amounting to Rs. 1,522.30 lakhs to its holding company which is having two directors of the Company holding more than 25% shares of the holding company apart from also being its directors, for supplies of certain raw materials to the Company as "advance for supply of goods". The amount outstanding on 31 March 2020 of Rs.1,840.30 lakhs has been received back subsequent to the year-end. In addition, the Company has also issued a corporate guarantee of Rs. 1,679.00 lakhs in relation to a loan taken by its holding company. We have not been able to obtain sufficient and appropriate audit evidence to verify the nature and business rationale of the aforesaid advance given by the Company and also the end use of the loan by the holding Company in relation to which the aforesaid corporate guarantee was provided. Accordingly, we are unable to comment on whether these transactions with the holding company comply with applicable laws and regulations including section 177(4), 185, 186(7) of Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations') and the consequential impact, if any, on the annual financial results for the year ended and as at 31 March 2020.

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

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Mumbai - 400 011





our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the annual financial results.

#### **Management's and Board of Directors' Responsibilities for the Annual Financial Results**

These annual financial results have been prepared on the basis of the annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these annual financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Annual Financial Results**

Our objectives are to obtain reasonable assurance about whether the annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial results.

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

- Identify and assess the risks of material misstatement of the annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on





whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial results, including the disclosures, and whether the annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

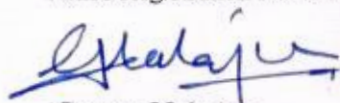
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Matters**

The annual financial results include the results for the quarter ended 31 March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

*For B S R & Co. LLP*  
*Chartered Accountants*  
Firm's Registration No.: 101248W/W-100022



**Gaurav Mahajan**  
*Partner*  
Membership No.: 507857  
ICAI UDIN: 20507857AAAAABF6328

Place: Chandigarh  
Date: 03 July 2020



Regd. Office: Paper Mill, Salla Khurd-144529 Distt. Hoshiarpur (Punjab)

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020

(Rs in Lakhs)

S. No.	Particulars	Quarter ended			Year ended	
		31 March	31 December	31 March	31 March	31 March
		2020	2019	2019	2020	2019
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
<b>1</b>	<b>Revenue from operations</b>					
	Sale/Income from operations	17,788.77	18,674.24	21,474.84	74,273.10	79,119.05
	Other operating income	36.71	69.39	31.14	200.11	227.11
	<b>Total revenue from operations</b>	<b>17,825.48</b>	<b>18,743.63</b>	<b>21,505.98</b>	<b>74,473.21</b>	<b>79,346.16</b>
<b>2</b>	<b>Other income</b>	<b>385.71</b>	<b>153.38</b>	<b>(18.94)</b>	<b>877.32</b>	<b>884.79</b>
<b>3</b>	<b>Total Income (1+2)</b>	<b>18,211.19</b>	<b>18,897.01</b>	<b>21,487.04</b>	<b>75,350.53</b>	<b>80,230.95</b>
<b>4</b>	<b>Expenses</b>					
	Cost of materials consumed	6,167.53	6,964.25	7,128.23	26,843.66	26,844.53
	Changes in inventory of finished goods and work-in-progress	390.80	298.57	452.50	(683.49)	(185.96)
	Employee benefits expense	1,593.01	1,564.94	1,410.77	6,187.97	5,301.24
	Finance costs	706.37	708.98	862.27	3,043.39	2,837.97
	Depreciation and amortization expense	837.75	802.15	742.15	3,170.16	2,512.53
	Other expenses:					
	- Power and fuel expense	2,839.18	3,053.36	3,348.04	11,983.04	12,888.41
	- Cost of chemical consumed	2,740.22	3,182.57	3,305.98	12,690.96	12,964.18
	- Others	1,609.87	1,249.05	1,100.32	5,595.65	5,979.11
	<b>Total expenses</b>	<b>16,884.73</b>	<b>17,823.87</b>	<b>18,350.26</b>	<b>68,831.34</b>	<b>69,142.01</b>
<b>5</b>	<b>Profit before tax (3-4)</b>	<b>1,326.46</b>	<b>1,073.14</b>	<b>3,136.78</b>	<b>6,519.19</b>	<b>11,088.94</b>
<b>6</b>	<b>Tax expense</b>					
	a) Current tax	245.44	217.07	697.90	1,206.78	2,476.08
	b) Deferred tax	(233.57)	(1,235.87)	166.96	(1,868.17)	818.98
	<b>Total Tax expense</b>	<b>11.87</b>	<b>(1,018.80)</b>	<b>864.86</b>	<b>(661.39)</b>	<b>3,295.06</b>
<b>7</b>	<b>Net profit for the period (5-6)</b>	<b>1,314.59</b>	<b>2,091.94</b>	<b>2,271.92</b>	<b>7,180.58</b>	<b>7,793.88</b>
<b>8</b>	<b>Other Comprehensive income/(expense)</b>					
	(i) a) Items that will not be reclassified to profit or loss	(5.01)	(4.97)	0.68	(19.93)	(17.29)
	b) Income tax relating to items that will not be reclassified to profit or loss	1.75	1.73	2.17	6.96	6.04
	(ii) a) Items that will be reclassified to profit or loss	-	-	-	-	-
	b) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
<b>9</b>	<b>Total Comprehensive Income for the period (7+8)</b>	<b>1,311.33</b>	<b>2,088.70</b>	<b>2,274.77</b>	<b>7,167.61</b>	<b>7,782.63</b>
<b>10</b>	Earnings per share -Basic and diluted (face value of Rs 10 each) (not annualized)	15.06	23.97	26.04	82.29	89.31
<b>11</b>	Total reserves (excluding revaluation reserve)				41,005.19	34,491.60
<b>12</b>	Paid-up equity share capital (Face value @ Rs 10 per share)	872.64	872.64	872.64	872.64	872.64
	See accompanying notes to the audited financial results					



**Kvantum Papers Ltd**

Regd. Office: Paper Mill, Salla Khurd-144529 Distt. Hoshiarpur (Punjab)  
Statement of Assets and Liabilities

(Rs in Lakhs)

	As at	As at
	31 March 2020	31 March 2019
	(Audited)	(Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	102,012.76	96,377.51
(b) Capital work-in-progress	30,958.68	5,407.47
(c) Investment property	790.49	803.79
(d) Other intangible assets	550.16	651.54
(e) Intangible assets under development	-	100.00
(f) Financial assets		
(i) Loans	397.00	312.41
(ii) Others financial assets	520.05	96.89
(g) Income tax assets (net)	1.61	1.61
(h) Other non-current assets	1,782.52	4,246.23
<b>Total non-current assets (A)</b>	<b>137,013.27</b>	<b>107,997.45</b>
<b>Current assets</b>		
(a) Inventories	9,238.45	6,357.18
(b) Financial assets		
(i) Trade receivables	1,433.48	3,348.16
(ii) Cash and cash equivalents	46.37	3,901.88
(iii) Other bank balances	1,902.75	2,667.02
(iv) Loans	47.95	1,895.58
(v) Other financial assets	721.24	261.34
(c) Other current assets	4,539.14	1,998.60
<b>Total current assets (B)</b>	<b>17,929.38</b>	<b>20,429.76</b>
<b>Total assets (A+B)</b>	<b>154,942.65</b>	<b>128,427.21</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	872.64	872.64
(b) Other equity	82,299.52	75,785.93
<b>Total equity (A)</b>	<b>83,172.16</b>	<b>76,658.57</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	46,831.92	30,027.10
(ii) Other financial liabilities	1,627.06	1,551.72
(b) Provisions	114.73	96.21
(c) Deferred tax liabilities (net)	2,723.71	4,598.84
(d) Deferred income	543.51	465.51
<b>Total non-current liabilities (B)</b>	<b>51,840.93</b>	<b>36,739.38</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	6,199.91	4,914.53
(ii) Trade payables		
-Total outstanding dues of micro enterprises and small enterprises	0.03	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises	2,786.43	3,132.64
(iii) Other financial liabilities*	10,378.34	6,762.89
(b) Other current liabilities	388.29	157.97
(c) Provisions	34.18	24.54
(d) Deferred income	46.00	20.03
(e) Current tax liabilities (net)	96.38	16.66
<b>Total current liabilities (C)</b>	<b>19,929.56</b>	<b>15,029.26</b>
<b>Total liabilities (B+C)</b>	<b>71,770.49</b>	<b>51,768.64</b>
<b>Total equity and liabilities (A+B+C)</b>	<b>154,942.65</b>	<b>128,427.21</b>

\*Including capital creditors of Rs 4,936.82 (31 March 2019: Rs 958.10)



Regd. Office: Paper Mill, Salla Khurd-144529 Distt. Hoshiarpur (Punjab)  
Cash Flow Statement for year ended 31 March 2020

	Year ended 31 March 2020	(Rs in Lakhs) Year ended 31 March 2019
<b>A. Cash flow from operating activities</b>		
Profit before income tax	6,519.19	11,088.94
Adjustments for:		
Depreciation and amortisation expense	3,170.16	2,512.53
Loss/ (profit) on sale of property, plant and equipment	14.18	(1.16)
Change in fair value of derivative contracts	(498.89)	(253.50)
Finance cost	3,043.39	2,837.97
Interest income	(233.72)	(519.84)
Foreign exchange gain/loss (unrealized)	799.49	360.42
Liabilities no longer required written back	(1.21)	(15.87)
Rental income	(36.09)	(38.35)
Others	(23.43)	(17.09)
<b>Cash flow from operating activities before changes in following assets and liabilities</b>	<b>12,693.07</b>	<b>15,954.14</b>
(Increase) in loan assets	(82.58)	(1,321.38)
(Increase) in other non-current assets	(20.39)	(26.03)
(Increase)/ decrease in inventories	(2,881.27)	1,090.99
Decrease/ (increase) in trade receivables	1,914.68	(147.94)
(Increase) in other financial assets	(3.35)	(96.74)
(Increase)/ decrease in other current assets	(2,540.54)	76.52
Increase/ (decrease) in provisions	8.24	(9.98)
(Decrease)/ increase in trade payables	(394.55)	71.69
Increase in other financial liabilities	(303.92)	616.48
Increase/ (decrease) in other current liabilities	230.94	(76.09)
<b>Cash generated by operating activities</b>	<b>8,610.33</b>	<b>16,131.66</b>
Income tax paid / tax deducted at source (net of refund)	(1,127.06)	(2,555.38)
<b>Net cash generated from operating activities (A)</b>	<b>7,483.27</b>	<b>13,576.28</b>
<b>B. Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(27,701.77)	(16,315.17)
Proceeds from sale of property, plant and equipment	33.08	4.00
Receipt of government grants	-	63.60
Rental income and others	56.09	38.35
Decrease/ (increase) in deposit accounts (having original maturity of more than three months)	344.46	712.63
Interest received	272.72	484.57
Decrease in loan assets	1,845.67	-
<b>Net cash (used) in investing activities (B)</b>	<b>(25,149.75)</b>	<b>(15,012.02)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from long term borrowings	22,377.87	11,874.75
Repayment of long term borrowings	(6,253.24)	(5,356.37)
Proceeds of short term borrowings (net)	1,252.94	446.27
Interest paid	(3,043.93)	(2,786.91)
Dividend paid (including dividend distribution tax)	(522.67)	(262.37)
<b>Net cash generated from/ (used in) financing activities (C)</b>	<b>13,810.97</b>	<b>3,915.37</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(3,855.51)</b>	<b>2,479.63</b>
<b>Cash and cash equivalents at the beginning of the year (see below)</b>	<b>3,901.88</b>	<b>1,422.25</b>
<b>Cash and cash equivalents at the end of the year (see below)</b>	<b>46.37</b>	<b>3,901.88</b>
<b>Notes:</b>		
1. Cash and cash equivalents include:		
Balance with banks in current accounts	31.34	987.84
Fixed deposits with original maturities upto 3 months	-	2,910.00
Cash on hand	15.03	4.04
	<b>46.37</b>	<b>3,901.88</b>



**Notes:**

- The above Audited Financial Results as reviewed by the Audit Committee have been approved at the meeting of the Board of Directors held on 03 July 2020. The modified audit report of the Statutory Auditors is being filed with the BSE Ltd. and National Stock Exchange of India Limited. For more details, visit the Investor section of our website at [www.kuantumpapers.com](http://www.kuantumpapers.com) and Financial Results at Corporate section of [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).
- The Company is engaged in the business of manufacturing and sale of paper, which in the context of Indian Accounting Standard (Ind AS) 108-Operating Segments, is considered as the only operating segment of the Company.
- The plant and offices of the Company were closed from 22 March 2020 on account of imposition of curfew in the State of Punjab followed by nationwide lockdown due to COVID-19 pandemic outbreak. The Company has since obtained required permissions and restarted its manufacturing operations from 30 April 2020 with partial capacity and the same is being ramped up. The Company has established several measures, procedures & safety instructions for restarting its operations and for maintaining the high standard of safety & hygiene for the employees. The Company had made a strong connect with all employees during and post lockdown, strengthening morale and consciousness towards health.  
The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories, property, plant and equipment and intangible assets and as part of its assessment relating to validity of going concern assumption. In the assumptions relating to the possible future uncertainties in the economic conditions, the Company has, as at the date of approval of these financial results, used internal and external sources of information, including economic forecasts and estimates from market sources, on the expected future performance of the Company. On the basis of evaluation and current indicators of future economic conditions and availability of unused line of credit facilities, the Company expects to recover the carrying amount of financial and non-financial assets and does not anticipate any impairment to these assets nor an impact on its assessment relating to validity of the going concern assumption. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.
- Effective 1 April 2019, the Company has adopted Ind AS 116 "Leases" using the modified retrospective approach. Accordingly, the comparatives have not been retrospectively adjusted. The adoption of Ind AS 116 did not have any material impact on the audited financial results since the Company has short term leases only.
- Section 115 BAA of the Income Tax Act 1961, introduced by Taxation Laws (Amendment) Ordinance, 2019 gives a one-time irreversible option to Domestic Companies for payment of corporate tax at reduced rates. In view of the MAT Credits, the Company has determined that it will continue to recognize tax expense at the existing income tax rate as applicable to the Company. However, the Company has reassessed the deferred tax assets/liabilities likely to be reversed at the time the Company would opt for new tax regime which has resulted in write back of deferred tax liability amounting to Rs. 1,956.22 to the Statement of Profit and Loss for the year ended 31 March 2020.
- The Company has certain amount due from a customer against which legal proceedings for recovery of the amount were initiated. The Company had obtained a status quo from Honourable Delhi High Court, vide its order dated 18 September 2015, on the customer's other group holdings through which they own a hotel, the unencumbered value of which has been assessed by the management as sufficient to recover the outstanding amount. Additionally, Honourable High Court, New Delhi vide its order dated 13 December 2018, directed the Prospective buyer of hotel to pay Rs.195.50 alongwith interest to the Company towards outstanding dues from customer. The injunction granted by Hon'ble Delhi High Court, against the above hotel property will be vacated on receipt of the due amount of Rs. 195.50 and interest thereon as per Hon'ble Delhi High Court order. Net trade receivables in relation to this due as at 31 March 2020 is Rs. 150.37 (31 March 2019: Rs. 292.60).
- The figures for the last quarter ended 31 March 2020 and the corresponding quarter ended in the previous year, as reported in these annual financial results, are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of third quarter of the relevant financial year. Also, the figures upto the end of the third quarter had only been reviewed and not subject to audit.
- Subsequent to year end, in order to improve the liquidity of the Company's share and to make it more affordable for small investors as also to broad base the investors, the Company passed a resolution with the requisite majority in its extra ordinary general meeting held on 10 June 2020 to sub-divide each equity share having nominal value of Rs.10/- into 10 equity shares having nominal value of Re. 1/- each. The sub division will be completed as per the procedure in due course.

Based on the ratio of sub-division of shares, the share capital of the Company pre and post sub-division will be as follows:

Particulars		Number of equity shares	Face value (INR)	Amount
Pre sub-division share capital structure:	Authorised share capital	25,000,000	10	2,500.00
	Issued, subscribed and Paid up share capital	8,726,363	10	872.64
Post sub-division share capital structure:	Authorised share capital	250,000,000	1	2,500.00
	Issued, subscribed and Paid up share capital	87,263,630	1	872.64

- The board has proposed a dividend of Rs. 2.50 per equity share of Rs 10 each fully paid up amounting to Rs. 218.16, subject to approval in the annual general meeting.

As per our report attached

For BSR & Co. LLP  
Chartered Accountants  
Firm Registration No.:101248W/W-100022



Gaurav Mahajan  
Partner  
Membership No.: 507857

Place : Chandigarh  
Date : 03 July 2020

For and on behalf of the Board of Directors of  
Kuantum Papers Limited



Jagesh Kumar Khaitan  
Chairman  
DIN- 00026264

Place: Chandigarh  
Date : 03 July 2020

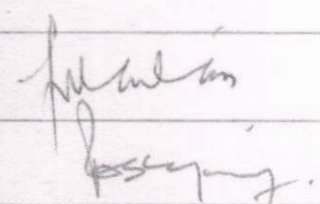


**ANNEXURE I**

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

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020</b>				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
(Rs. In lacs)				
<b>I.</b>	<b>Sl. No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications)</b>	<b>Audited Figures (as reported after adjusting for qualifications)</b>
	1.	Turnover / Total income	75,350.53	75,350.53
	2.	Total Expenditure	68,831.34	68,831.34
	3.	Net Profit/(Loss)	7,180.58	7,180.58
	4.	Earnings Per Share	82.29	82.29
	5.	Total Assets	154,942.65	154,942.65
	6.	Total Liabilities	71,770.49	71,770.49
	7.	Net Worth	83,172.16	83,172.16
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
<b>II.</b>	<b><u>Audit Qualification (each audit qualification separately):</u></b>			
	<p>a. <b>Details of Audit Qualification:</b></p> <p>1. We draw attention to the fact that the Company has during the period January – March 2020, given advances amounting to Rs. 1,522.30 lakhs to its holding company which is having two directors of the Company holding more than 25% shares of the holding company apart from also being its directors, for supplies of certain raw materials to the Company as “advance for supply of goods”. The amount outstanding on 31 March 2020 of Rs.1,840.30 lakhs has been received back subsequent to the year-end. In addition, the Company has also issued a corporate guarantee of Rs. 1,679.00 lakhs in relation to a loan taken by its holding company. We have not been able to obtain sufficient and appropriate audit evidence to verify the nature and business rationale of the aforesaid advance given by the Company and also the end use of the loan by the holding Company in relation to which the aforesaid corporate guarantee was provided. Accordingly, we are unable to comment on whether these transactions with the holding company comply with applicable laws and regulations including section 177(4), 185, 186(7) of Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (‘Listing Regulations’) and the consequential impact, if any, on the annual financial results for the year ended and as at 31 March 2020.</p> <p>2. Consequently, other relevant assertions in the audit report on the financial statements and report on adequacy of the internal financial controls with reference to those financial statement have been also modified.</p>			
	<p>b. <b>Type of Audit Qualification:</b> Qualified Opinion on Auditor’s report on the financial statements and Adverse opinion on adequacy of the internal financial controls with reference to the financial statements.</p>			



	c. Frequency of qualification: First time
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:  Not applicable.
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b>  None. Suppliers advance given was subsequently received back. The corporate guarantee provided in relation to the loan taken by the holding company has been used to acquire property plant and equipment.
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b>  Not applicable
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b>  We are unable to comment on whether these transactions with the holding company comply with applicable laws and regulations including section 177(4), 185, 186(7) of Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations') and the consequential impact, if any, on the annual financial results for the year ended and as at 31 March 2020.
III.	<b><u>Signatories:</u></b>
	• CEO/Managing Director
	• CFO
	• Audit Committee Chairman
	• Statutory Auditor
	<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;">   Vivek Bihani </div> <div style="font-size: small;"> Digitally signed by Vivek Bihani Date: 2020.07.03 16:14:23 +05'30' </div> </div>
	<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> GAURAV MAHAJAN </div> <div style="font-size: small;"> Digitally signed by GAURAV MAHAJAN Date: 2020.07.03 16:45:03 +05'30' </div> </div>
	Place: Chandigarh
	Date: 03.07.2020