

# Mahesh K Gupta & Associates

CHARTERED ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LS INDUSTRIES LIMITED**

### **Report on the Audit of the Standalone Financial Statements**

#### **Opinion**

We have audited the accompanying standalone Ind AS financial statements of **LS Industries Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the Ind AS standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS financial statements.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. In our opinion, there is no Key Audit Matter to be reported.



## **Information Other than the Financial Statements and Auditors' Report thereon.**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone Ind AS financial statements and our auditors' report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## **Management's Responsibility for the Ind AS Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

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

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management 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 Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or





in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, 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 financial controls 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 on whether the Company has adequate internal financial controls system 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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that individually or in aggregate, makes it probable that economic decision of a reasonably knowledgeable user of the standalone financial statement may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our works and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit 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 (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015 as amended.
  - e) On the basis of the written representations received from the directors, as on March 31, 2023 taken on record by the Board of Directors, and as per our observations we would like to take in record the points below mentioned:
    - i) The company has been suspended for listing by Securities and Exchange Board of India under SEBI Act.
    - ii) We cannot comment upon the composition of the Board and its committees made as per statutory compliance.
  - 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 A".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act. as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 read with schedule V of the Act.





- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements-Refer Note No. 7 (b) in Annexure "A"
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
(b) The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and  
(c) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
  - v. The Company has not declared or paid any dividend during the year as there are no distributable profits in the company during the financial year under review.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules 2014 for maintaining Books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023 and accordingly reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules 2014 is not applicable for the financial year ended March 31,2023.

Place: Chandigarh  
Dated: 30.05.2023

For **Mahesh K Gupta & Associates**  
Chartered Accountants  
FRN: 029649N

  
**(CA Mahesh Kumar Gupta)**

M. No. 079021

UDIN: 23079021BGWPXO5508



## ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 of 'Report on other Legal and Regulatory Requirements' in our Report of even date on the accounts of **L S INDUSTRIES LIMITED** for the year ended March 31, 2023

### **1. In respect of tangible and intangible assets:**

- a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of Property Plant and Equipment and relevant details of right-of-use assets.
- b) The company has maintained proper records showing full particulars of intangible assets.
- c) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of a major portion of fixed assets at reasonable intervals. According to the information and explanations given to us, pursuant to the program, a portion of the Property Plant and Equipment has been physically verified by the Management during the year and no material discrepancies were noticed on such verification.
- d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no revaluation has been done by the company of its property, plant and equipment (including the right of use assets) or intangible assets or both during the year.
- f) The Company has not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, at the end of the reporting period.
- g) The company has written off as on 31.03.2023 old balances Rs. 15,75,61,297.00 from trade receivables as not realizable and Rs. 15,75,61,297.00 from trade payables as not payable in future.
- h) Balances of trade receivables and trade payables are subject to confirmation from respective parties. Amount of Cr balance Rs. 6,67,19,867.35 of Esys Information Technologies P Ltd is subject to reconciliation with the party.

### **2. In respect of its inventory and working capital:**

- (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals. Inventories as at 31st March 2023 were also physically verified and valued by an independent firm of chartered accountants. As per our information the finished goods inventory in value Rs. 2,22,68,691.00 have not been found marketable.
- (b) As explained to us, the discrepancies noticed between the physical stocks and the books records were not material and no discrepancy reported to be more than 10% of the total stock. Also, the same have been properly dealt with in the books of accounts.





- (c) The company has not sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets during the financial year.
- (d) No quarterly returns or statements are required to be filed by the company with any financial institutions or banks.
3. The Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Therefore, the provisions of clause 3(iii) of the said Order are not applicable to the company.

**The company has the holding status in company M/s LSIL Singapore Pte Ltd. As per information and explanations given to us, the company has been found struck off and hence the amount of investment Rs. 6,67,11,397.00 has been written off in the books as on 31.03.2023.**

4. The company has not given any loans to directors or any other person in whom the director is interested, or made any investments during the financial year under review.
5. The Company has not accepted any deposits attracting the provisions of sections 73 to 76, or any other relevant provisions of the Companies Act, 2013.
6. As explained to us, there are no major operations in the company. Hence, the maintenance of cost records under sub-section (1) of Section 148 of the Act is not applicable to the Company.
7. (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Customs Duty, Excise Duty, Goods and Services Tax, Cess and other material statutory dues as applicable with the appropriate authorities in India. We are informed that there are no undisputed statutory dues as at the end of the year, which are outstanding for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us and records of the Company examined by us, there are no dues of Custom Duty, Goods and Services Tax and Cess which are outstanding as at 31st March, 2023 and which have not been deposited on account of any dispute. However, according to information and explanation given to us, the following dues of Excise duty, Income Tax and Service Tax have not been deposited by the Company on account of disputes as detailed below:

(Rs. In Millions\*)

Statute	Nature of the Dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	0.41	Assessment Year 01-02	Commissioner of Income Tax Appeal
Income Tax Act, 1961	Income Tax	2.34	Assessment Year 01-02	Commissioner of Income Tax Appeal
Income Tax Act, 1961	Income Tax	0.03	Assessment Year 03-04	Income Tax Appellate Tribunal, Delhi



Income Tax Act, 1961	Income Tax	0.19	Assessment Year 04-05	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax	-**	Assessment Year 14-15	Income Tax Appellate Tribunal, Delhi
Central Excise Act, 1944	Excise Duty	1.05	Financial Year 07-09	Joint Secretary, Ministry of Finance, Delhi
Central Excise Act, 1944	Excise Duty	5.58	Financial Year 05-06	CESTAT, Chandigarh
Service Tax, 1994	Service Tax	5.78***	Financial Year 09-10	CESTAT, Chandigarh
Service Tax, 1994	Service Tax	0.84	Financial Year 2011-12	CESTAT, Chandigarh
Service Tax, 1994	Service Tax	0.08	Financial Year 2011-2012	CESTAT, Chandigarh
Income Tax Act, 1961	Income Tax Demand	35.37	Assessment Year 15-16	Commissioner of Income Tax, Delhi

\*Net of amounts deposited under protest

\*\* In case of adverse judgment, MAT credit entitlement would reduce by 108.34 millions

\*\*\* In case demand is confirmed, penalty upto equivalent amount may be imposed.

- Penalty order of Rs. 30,000/- has been passed by Income Tax Department, Delhi on dated 01.01.2022 for non-compliance of notice under section 142(1) for the AY 2017-18.
- Order under clause (d) of 148(A) of Income Tax, 1961, has been passed on 31.03.2022 by Income Tax Officer, Parwanoo for AY 2018-19 for escaped assessment of Income to the extent of Rs. 1,51,51,729/-

- There is no any transaction not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- The Company has not defaulted in repayment of any loan or other borrowings or any interest due thereon to any lender.
  - the company has not been a declared willful defaulter by any bank or financial institution or other lender.
  - the company has not availed any loans or borrowing in the financial year.
  - the company has not raised any funds on short term basis in the financial year.
  - the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
  - The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies
- The Company has not raised money by way of initial public offer or further public offer (including debt instruments). Therefore, the provisions of Clause (x)(a) of paragraph 3 of the order are not applicable to the Company.
  - The company has made preferential allotment or private placement of shares during the year and the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised.





11. (a) We have not noticed any case of fraud by the company or any fraud on the Company by its officers or employees during the year. The management has also not reported any case of fraud during the year.  
(b) During the year no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.  
(c) As auditor, we did not receive any whistle- blower complaint during the year.  
  
d) We have taken into consideration the Whistle Blower Complaints received by the Company during the year and up to the date of this report while determining the nature, timing, and extent of our audit procedures.
12. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties could not be identified and hence cannot comment upon the compliance with sections 177 and 188 of the Act where applicable.
14. The company is covered by section 138 of the Companies Act, 2013, related to the appointment of internal auditor of the company. Therefore, the company has not complied with the provisions of the appointment of internal auditor in the company.
15. The Company has not entered into any non-cash transactions with directors or persons connected with him for the year under review.
16. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a) (b) and (c) of the Order is not applicable.  
(b) In our opinion, there is no core investment Company with in the Group as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
17. The company has been incurring cash losses in the current financial year as well in immediately preceding financial year.
18. There has been no resignation of statutory auditors of the Company during the year. Accordingly reporting under clause 3(xviii) of the Order is not applicable to the Company.
19. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information, accompanying the financial statements and our knowledge of the Board of Directors and Management Plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of audit report indicating that the Company is not capable of meeting its liabilities existing at the date of the Balance Sheet as and when they fall due within a period of one year from the date of the balance sheet. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our report is based on the facts up to the date of audit report and we neither give any guarantee



nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

20. Since the company is not running any major operations during the financial year and incurring losses, there is no liability of the company under the provisions of section 135 of the Companies Act, relating to Corporate Social Responsibility. Therefore, the provisions of Clause (xx) of paragraph 3 of the order are not applicable to the Company.
21. The reporting under clause 3(xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

Place: Chandigarh  
Dated: 30.05.2023

For **Mahesh K Gupta & Associates**  
Chartered Accountants  
Firm Regn. No. -029649N

  
(CA Mahesh Kumar Gupta)  
M. No. 079021  
UDIN: 23079021BGWPXO5508





## **ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT**

### **Report on the Internal Financial Controls 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 **LS INDUSTRIES LIMITED** ("the Company") as on March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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



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

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of 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 Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Chandigarh  
Dated: 30.05.2023

For **Mahesh K Gupta & Associates**  
Chartered Accountants  
Firm Regn. No. -029649N



**(CA Mahesh Kumar Gupta)**  
M. No. 079021  
UDIN: 23079021BGWPXO5508