



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF STURDY INDUSTRIES LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **Sturdy Industries Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss, the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as financial statement).

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

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

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







### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the financial position of the Company as at 31 March, 2017, and its financial performance, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
  - (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its Financial position.
    - ii. The Company does not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
    - iii. No amount is required to be transferred to the Investor Education and Protection Fund by the Company as on 31 March, 2017.
    - iv. the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures and relying on management representation we report that disclosure are in accordance with the books of accounts maintained by the Company and as produced to us by the management.

for B.M.VARMA AND CO.  
CHARTERED ACCOUNTANTS  
Firm Registration No 001099N



CA Gurdev Bassi  
Partner

Membership No 092009

PLACE: Chandigarh  
DATED: 31/05/2017

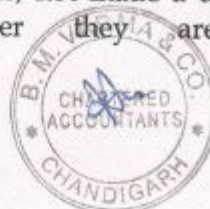




**"Annexure A" to the Independent Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) 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.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, making investments and providing guarantees as applicable.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the central Government under sub-section (1) of section 148 of the companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.







7) According to information and explanations given to us, in respect of statutory dues:

a) The Company has generally been regular 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 any other statutory dues with the appropriate authorities.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.

c) Details of dues of Excise Duty which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of the Statute (Nature of Dues)	From where Dispute is pending	Period to which the amount relates	Amount involved (Rs. In Lacs)
Central Excise Act	Tribunal	2010-11	13.00
	Commissioner	2002-03	29.42
		2004-05 to 2013-14	201.87
		2014-15	77.71

8) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not defaulted in the repayment of dues to banks. The banks under consortium has sanctioned SDR on dated 24.10.2016 in respect of all the credit facilities availed by the company.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.







- 13) According to information and explanations given to us and on the basis of our examination of records of the company, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanation given by the management, the company has not entered into any non-cash transaction with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the order are not applicable to the company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

PLACE: Chandigarh  
DATED: 31/05/2017



for B.M.VARMA AND CO.  
CHARTERED ACCOUNTANTS  
Firm Registration No 001099N

CA Gurdev Bassi  
Partner  
Membership No 092009





## **Annexure - B to the 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 Sturdy Industries Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the 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 auditor's 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 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.

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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: 31/05/2017



for B.M.VARMA AND CO.  
CHARTERED ACCOUNTANTS  
Firm Registration No 001099N

CA Gurdev Bassi  
Partner  
Membership No 092009



**STURDY INDUSTRIES LIMITED - BADDI H.P.**

CIN:L25209HP1989PLC009557

Balance Sheet as at 31st March, 2017

Particulars	Note No	As At 31/03/2017	As At the 31/03/2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	322507388.00	168228620.00
(b) Reserves and Surplus	2	84574555.31	104367793.49
(c) Money received against share warrants		0.00	0.00
<b>(2) Share application money pending allotment</b>		0.00	0.00
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	1355300613.00	1639441851.00
(b) Deferred tax liabilities (Net)	4	72656126.77	60597293.77
(c) Other Long term liabilities		0.00	0.00
(d) Long term provisions	5	7071066.00	76730316.11
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	6	947027023.78	908874043.78
(b) Trade payables	7	420325263.64	600686900.40
(c) Other current liabilities	8	110600000.00	47952000.00
(d) Short-term provisions	9	3881724.07	5980987.35
<b>Total</b>		<b>3323943760.58</b>	<b>3612859805.91</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible assets	10	681335723.51	799817848.77
(ii) Intangible assets		7639920.00	7639920.00
(iii) Capital work-in-progress	10	9967719.00	9197719.00
(iv) Intangible assets under development		0.00	0.00
(b) Non-current investments	11	3106500.00	5106500.00
(c) Deferred tax assets (net)		0.00	0.00
(d) Long term loans and advances	12	156158563.65	123699435.50
(e) Other non-current assets		0.00	0.00
<b>(2) Current assets</b>			
(a) Current investments		0.00	0.00
(b) Inventories	13	434532232.97	885613168.84
(c) Trade Receivables	14	1760423521.36	1593212987.43
(d) Cash and cash equivalents	15	87862768.78	83099527.23
(e) Short-term loans and advances	16	182701608.31	102963113.14
(f) Other current assets	17	215203.00	2509586.00
<b>Total</b>		<b>3323943760.58</b>	<b>3612859805.91</b>

Notes to Accounts & Accounting Policies

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**AUDITOR' REPORT**


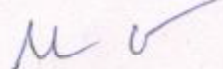
as per our separate report  
of even date annexed hereto  
for B.M.VARMA AND CO.

**CHARTERED ACCOUNTANTS,**  
Firm Registration No 001099N

  
**CA Gurdev Bassi**  
**PARTNER**  
Membership No 092009  
Dated : 31/05/2017  
Place : Chandigarh



on behalf of the Board of Directors  
for **STURDY INDUSTRIES LTD.**

   
**(RAMESH GUPTA) (AMIT GUPTA)**  
**DIRECTOR DIRECTOR**  
**DIN-0161363 DIN-0161417**



**STURDY INDUSTRIES LIMITED - BADDI H.P.**

CIN:L25209HP1989PLC009557

**Statement of Profit and Loss for the year ended 31st March, 2017**

Particulars	Note No	As At 31/03/2017	As At the 31/03/2016
I. Revenue from operations	18	3,98,58,42,071.11	4,23,73,24,553.87
II. Other Income	19	11,34,55,849.39	5,28,24,279.14
<b>III. Total Revenue (I + II)</b>		<b>4,09,92,97,920.50</b>	<b>4,29,01,48,833.01</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	20	3,63,94,12,361.33	4,12,57,72,566.47
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress & Stock-in-Trade	21	20,12,93,977.81	(12,40,23,884.20)
Employee benefit expense	22	3,58,61,166.00	2,88,31,666.98
Financial costs	23	10,51,17,687.11	24,49,03,205.79
Depreciation and amortization expense		6,86,00,342.00	8,76,95,112.18
Other expenses	24	7,62,18,720.25	9,75,79,863.30
<b>Total Expenses</b>		<b>4,12,65,04,254.50</b>	<b>4,46,07,58,530.52</b>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	(2,72,06,334.00)	(17,06,09,697.51)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(2,72,06,334.00)	(17,06,09,697.51)
VIII. Extraordinary Items		-	-
<b>IX. Profit before tax (VII - VIII)</b>		<b>(2,72,06,334.00)</b>	<b>(17,06,09,697.51)</b>
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		1,20,58,833.00	(5,31,88,238.38)
<b>XI. Profit(Loss) from the period from continuing operations</b>	(VII-VIII)	<b>(3,92,65,167.00)</b>	<b>(11,74,21,459.13)</b>
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XVI. Earning per equity share:			
(1) Basic		-	-
(2) Diluted		-	-

Notes to Accounts & Accounting Policies

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**AUDITOR' REPORT**

as per our separate report  
of even date annexed hereto  
for B.M.VARMA AND CO.

**CHARTERED ACCOUNTANTS,**

Firm Registration No 001099N

CA Gurdev Bassi

**PARTNER**

Membership No 092009

Dated : 31/05/2017

Place : CHANDIGARH



on behalf of the Board,  
for **STURDY INDUSTRIES LTD.**

*(Handwritten signatures)*

(RAMESH GUPTA) (AMIT GUPTA)  
**DIRECTOR DIRECTOR**  
**DIN-0161363 DIN-0161417**