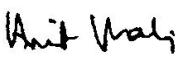


S R INDUSTRIES		
Registered Office: E-217, INDUSTRIAL AREA, PHASE 8-B, MOHALI		
Punjab (CIN: L29246PB1989PLC009531)		
BALANCE SHEET AS ON 31st MARCH, 2021		
STATEMENT OF ASSETS AND LIABILITIES		Rs. In Lakh
PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
<b>ASSETS</b>		
<b>(A) NON CURRENT ASSETS</b>		
i. Property, Plant and Equipment	1668.42	1854.29
ii. Capital Work-in-Progress		
iii. Intangible Assets		
iv. Investment Property		
v. Intangible Assets under Development		
vi. Biological Assets Other Than Bearer Plants		
<b>vii. Financial Assets</b>		
(a) Investments		
(b) Trade Receivables		
(c) Loans		
(d) Security Deposit	11.19	12.79
viii. Deferred Tax Assets (Net)		
ix. Other Non-Current Assets		
x. Prepayments		
<b>(B) CURRENT ASSETS</b>		
i. Inventories	279.32	343.90
<b>ii. Financial Assets</b>		
(a) Investments		
(b) Trade Receivables	568.47	563.83
(c) Cash & Cash Equivalents	4.56	56.78
(d) Bank Balance other than (c) above	0	10.08
(e) Loans	146.28	167.43
(f) Others	29.65	7.94
iii. Current Tax Assets (Net)		
iv. Other Current Assets		
v. Prepayments	0	0
<b>Total Assets</b>	<b>2707.89</b>	<b>3017.04</b>
<b>EQUITY AND LIABILITIES</b>		
<b>(C) EQUITY</b>		
i. Equity Share capital	1964.57	1964.57
<b>ii. Other Equity</b>		
(a) Equity Component of Compound Financial Instrument	981.11	981.11
(b) Reserve & Surplus	-5546.74	-5304.76
(c) Other Reserves	172.69	172.69
<b>(D) LIABILITIES</b>		
<b>Non Current Liabilities</b>		
<b>i. Financial Liabilities</b>		
(a) Borrowings	613.09	821.61
(b) Trade payables		
(c) Other Financial Liabilities		
ii. Provisions	38.28	59.07
iii. Deferred Income	99.71	114.57
iv. Deferred Tax Liabilities (Net)	0	0
v. Other Non-Current Liabilities	0.00	0.00
<b>Current Liabilities</b>		
<b>i. Financial Liabilities</b>		
(a) Borrowings	2314.34	2201.90
(b) Trade payables	673.87	620.65
(c) Other Financial Liabilities	1259.71	1161.06
ii. Other Current Liabilities	117.87	124.44
iii. Provisions	4.54	85.28
iv. Deferred Income	14.85	14.85
v. Current Tax Liabilities (Net)		
<b>Total Equity &amp; Liabilities</b>	<b>2707.89</b>	<b>3017.04</b>
for S.R. Industries Limited		
Place : Mohali		
Date : 03.07.2021		
For S. R. INDUSTRIES LTD.		
Director		
Director (Commercial)		
DIN: 00038593		



S.R.INDUSTRIES LIMITED						
REGD. OFFICE : E-217, INDUSTRIAL AREA, PHASE 8-B, MOHALI, PUNJAB						
(CIN : L29246PB1989PLC009531) (WEB : www.srfootwears.com)						
AUDITED FINANCIAL RESULTS FOR THE QUARTER/YEAR ENDED MARCH 31, 2021						
Rs. In Lakhs						
S.NO.	Particulars	AUDITED	UNAUDITED	AUDITED	AUDITED	AUDITED
		Quarter ended		Year to date		Year Ended
		31-03-2021	31-12-2020	31-03-2020	31-03-2021	31-03-2020
I	Revenue from Operations	422.09	222.72	252.98	744.90	1683.10
II	Other Income	344.00	3.75	150.15	365.35	215.42
III	<b>Total Revenue (I + II)</b>	<b>766.09</b>	<b>226.47</b>	<b>403.13</b>	<b>1110.25</b>	<b>1898.52</b>
IV	<b>EXPENSES</b>					
a	Cost of Raw Materials Consumed	329.07	182.13	29.59	542.69	1068.53
b	Changes in inventories of Finished Goods, Work-in-progress and stock-in-trade	15.55	(21.91)	81.02	16.41	144.18
c	Sub Contract and Labour payments	11.62	30.73	57.41	70.45	318.54
d	Employee benefits expenses	0.00				
e	Financial costs	172.61	54.49	-42.27	327.95	208.71
f	Depreciation & Amortisation expenses	27.54	53.50	48.05	188.03	213.99
	Other Expenditure	188.47	15.34	400.41	240.52	697.49
	<b>Total Expenses</b>	<b>744.87</b>	<b>314.28</b>	<b>574.21</b>	<b>1386.05</b>	<b>2651.44</b>
V	<i>Profit / (Loss) before extra-ordinary items and tax (III-IV)</i>	<b>21.22</b>	<b>(87.81)</b>	<b>(171.08)</b>	<b>(275.80)</b>	<b>(752.92)</b>
VI	Extraordinary Income/(Expenses)	0.00	0.00	0.00	0.00	0.00
VII	<i>Profit/(Loss) before tax</i>	<b>21.22</b>	<b>(87.81)</b>	<b>(171.08)</b>	<b>(275.80)</b>	<b>(752.92)</b>
VIII	<i>Tax expenses :</i>					
	Current Tax	8.79	0.00	(88.08)	8.79	(88.08)
	Deferred Tax					
IX	<i>Profit/(Loss) after tax</i>	<b>30.01</b>	<b>-87.81</b>	<b>-259.16</b>	<b>-267.01</b>	<b>-664.84</b>
X	<b>OTHER COMPREHENSIVE INCOME</b>					
a	Re-measurement gain/(losses) on defined ben	-65.11	0.60	0.70	33.82	8.20
b	Income tax effect	-8.79	0.00	(2.06)	(8.79)	(2.06)
c	Items that will be reclassified to Profit & Loss	0.00	0.00	0.00	0.00	0.00
d	Income tax relating to items that will be reclass	0.00	0.00	0.00	0.00	0.00
XI	<i>Net Profit/(Loss) after tax</i>	<b>(43.89)</b>	<b>(87.21)</b>	<b>(260.52)</b>	<b>(241.98)</b>	<b>(658.70)</b>
XII	Paid-up equity share capital (Face value of the Share Rs.10/- each)	1964.57	1964.57	1964.57	1964.57	1964.57
XIII	Reserves excluding revaluation reserves as per balance sheet of previous accounting year	0.00	0.00	0.00	0.00	0.00
XIV	Earnings Per Share of Rs.10/- each (not annualised)					
	(a) Basic	0.15	(0.45)	(1.33)	(1.36)	(3.38)
	(b) Diluted	0.15	(0.45)	(1.33)	(1.36)	(3.38)
Notes -	<p>1 The above is an extract of the detailed format of financial result filed with the Stock Exchange under Regulation 33 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015. The Full format of the audited financial results are available on the Stock exchange website (www.bseindia.com) and on Company's website (www.srfootwears.com)</p> <p>2 The company has prepared these standalone financial results in accordance with the Companies(Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013.</p> <p>3 The statutory auditors have carried out the audit for the year ended 31.03.2021. The figures for the fourth quarter are the balancing figures between the audited figures in respect of the full financial year and published figures up to the third quarter of the current financial year which were subject to limited review.</p> <p>4 Figures of the previous periods have been regrouped/reclassified/restated wherever necessary.</p> <p>5 The Management of the Company has written off book debts net amounting Rs.129.11 Lakh being non recoverable.</p>					
	<p>Place : Mohali Date : 03.07.2021</p> <p style="text-align: right;">For S. R. INDUSTRIES LTD Amit Mahajan Director (Commercial) DIN: 00038593</p>					

S.R. INDUSTRIES LIMITED			
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021			
All amounts in Indian Rupees , except as otherwise stated			
CIN: L29246PB1989PLC009531			
	Notes	March 31, 2021	March 31, 2020
<b>A Cash Flow from Operating activities</b>			
Profit before Tax		(2,75,79,950)	(7,52,92,032)
Adjustments for:			
Depreciation and amortisation Expense	3	1,88,03,429	2,13,99,190
Bad debts and advances written off, allowance for doubtful trade		1,10,67,348	2,98,36,932
Interest Income	19	(92,898)	(1,09,656)
Finance Costs	22	3,27,94,676	2,08,70,560
Liabilities/ Provisions Written back due to Actuarial Gain/(Loss)		33,81,964	8,20,199
		6,59,54,519	7,28,17,225
<b>Operating Profit before working capital changes (1+2)</b>		3,83,74,570	(24,74,807)
<b>Movement in working capital :</b>			
Trade and other receivables and prepayments		(1,14,28,746)	3,35,91,512
(Increase)/Decrease in Inventories	6	64,58,938	3,31,74,302
Increase/(Decrease) Trade and other payables and Provisions		(69,74,749)	(3,47,03,904)
		(1,19,44,556)	3,20,61,910
<b>Cash generated from Operations (3+4)</b>		2,64,30,013	2,95,87,103
Taxes (Paid) /Refund			
<b>Net Cash Flows from Operating Activities (5-6)</b>		2,64,30,013	2,95,87,103
<b>B Cash Flow from Investing activities:</b>			
Purchase of Property, Plant and Equipment(PPE)	3	(2,16,779)	(47,72,560)
Proceeds from fixed deposits matured during the year	8	10,08,434	(98,519)
Interest Income	19	92,898	1,09,656
<b>Net cash flow from /(used in) Investing activities:</b>		8,84,553	(47,61,423)
<b>C Cash Flow from financing activities:</b>			
Increase/(Decrease) in Equity Share Capital		-	-
Increase/(Decrease) in Capital Reserve		-	-
Increase/(Decrease) in Repayments of Term Loans		-	-
Increase/(Decrease) in Repayments of Cash Credit		(27,13,128)	(1,00,94,276)
Increase/(Decrease) in Interest accrued and due on Cash Credit		1,39,56,957	1,08,74,779
Increase/(Decrease) in Interest accrued and due on TL		98,65,850	63,72,720
Increase/(Decrease) in Unsecured Loans		(2,08,52,135)	(67,35,195)
Finance Costs	22	(3,27,94,676)	(2,08,70,560)
<b>Net cash (used in) financing activities:</b>		(3,25,37,131)	(2,04,52,532)
<b>D Net change in cash and cash equivalents (A+B+C)</b>		(52,22,565)	43,73,148
Cash and cash equivalents at the beginning of the year		56,78,220	13,05,072
<b>Cash and cash equivalents at year end</b>		4,55,658	56,78,220
Summary of significant accounting policies	2.1		
As per our report of even date		For and on behalf of the Board of Directors of S.R. Industries Limited	
		 Amit Mahajan Director- Commercial & Chief Financial Officer (DIN: 00038827)	
Place: Chandigarh Date: 03.07.2021			





**GOEL SATISH & CO.**

**CHARTERED ACCOUNTANTS**

Off: SCO 913, NAC, Manimajra, Chandigarh 160101

Mobile: 98726-15884, TEL: 0172-(O) 4605184, 2738807

E-Mail: satishgoelca@yahoo.com

UDIN: 21089414AAAABF6789

## INDEPENDENT AUDITOR'S REPORT

**To The Members of S.R. Industries Limited**

**Report on the Standalone Financial Statements**

### **Qualified Opinion**

We have audited the accompanying standalone IndAS Financial statements of M/s **S.R. Industries Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and 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 Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

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 the basis for qualified opinion section, the aforesaid standalone IndAS financial statements give the information required by the Companies Act, 2013 (as amended from time to time) hereinafter referred to as 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 state of affairs of the Company as at March 31, 2021, and its profit and loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### **Basis for Qualified Opinion**

We conducted our audit of the 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 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 audit opinion on the standalone financial statements.

*Interest on bank borrowings: The documented interest rate on the outstanding amount due towards State Bank of India was 16.75%, but as per the OTS with SBI, their rate of interest was 10%. Though, there was a default on part of the company in complying with the terms and conditions of the OTS proposal, however, the company is hopeful that the bank would give extension of the existing OTS done. Hence, provisioning of interest in the financial statements has been done at 10% on simple interest basis by the company. The documented interest rate on the outstanding amount due towards UCO Bank was 16.75%. Since the account has turned NPA, the management is hopeful to settle the outstanding amount with UCO bank at effective interest rate of 12%. Hence, provisioning of interest in the financial statements has been done at 12% on simple interest basis.*

## **Emphasis of Matter**

### **Effects of COVID-19:**

Due to travel restrictions imposed by Central / State Government / Local Authorities and further due to unprecedented nationwide catastrophe both attributable to Covid-19 pandemic during the period of our audit. Physical verification of inventory/stock audit could not be conducted on 31.03.2021 by visiting the premises of client. Also, due adherence has been given to ICAI's guidelines to facilitate carrying out audit remotely wherever physical access was not possible. Thus, the value of inventory/closing stock is taken as valued and certified by the management.

Owing to Covid-19 pandemic, the audit process was carried out on the basis of such documents, reports and records made available to us by the management which were relied upon as audit evidence for conducting the audit and reporting for the current period.

Due to Covid-19 Pandemic, there was impact on sales and operations of the Company from April 2020 to June 2020. Since the business sentiment started getting affected from early March, many of the customers delayed the pending orders which adversely affected sales from the period April to June 2020. Even production and logistics were affected due to different states imposing curbs on movement of people and goods in the said period.

Since the nationwide lockdown was imposed on 25th March 2020, the Company's manufacturing operations were closed between 25.03.2020 to 30.06.2020. At the same time, major customers also reduced and delayed all existing orders with the company owing to the uncertain situation and reduced demand. In addition, the Company's production and sales for the FY 20-21 shall also be impacted due to the COVID-19.

Our opinion is not modified in respect of the aforesaid matters.

### **Key Audit Matters**

Key Audit Matters are those matters, which in our professional judgment, were of most significance in the audit of Financial Statements of Current Period and these matters were addressed in the context of audit of financial Statements as a whole and auditor does not provide a separate opinion on these matters.

### **Other Audit Matters**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the directors' report and the corporate governance report, but does not include the standalone Ind AS financial statements and our auditor's 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 in the 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 Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

The balances of trade receivables, trade payables, deposits and loans & advances as appearing in the books of accounts of company are subject to verification and reconciliation.

The GST liability payable by the company (if any) would be subject to reconciliation and verification. The differences, if any, with the Books of Accounts, will be dealt with at the time of filing of Annual Return in Form GSTR9 by the company.

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

- Identify and assess the risks of material misstatement of the standalone 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 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 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 the 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 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 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 the economic decisions of a reasonably knowledgeable user of the standalone financial statements 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 work; 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 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 Section 143(3) of the Act, based on our audit and subject to notes to accounts 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 books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to 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.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Unique Document Identification Number (UDIN) for this document is **21089414AAAABF6789**

Place: Chandigarh

Date: 03.07.2021

For M/S GoelSatish& Co.  
Chartered Accountants  
Firm Registration No. 010693N



(CA. SatishGoel)

Prop.

Membership No. 089414



## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of S.R. Industries Limited of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **S.R. Industries Limited** ("the Company") as of March 31, 2021 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 Board of Directors of the Company 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. 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, 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 internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, 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.

### **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, to the best of our information and according to the explanations given to us, 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 March 31, 2021, 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**

**Date: 03.07.2021**

**For M/S GoelSatish& Co.**  
**Chartered Accountants**  
Firm Registration No. 010693N



**(CA. SatishGoel)**

**Prop.**

**Membership No. 089414**

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## **ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of S.R. Industries Limited of even date)**

i. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification to cover all the items of fixed assets. Pursuant to the program, fixed assets were physically verified by the management during the year. However, according to the information and explanations given to us, no material discrepancies are ascertained.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

ii. Due to travel restrictions imposed by Central / State Government / Local Authorities and further due to unprecedented nationwide catastrophe both attributable to Covid-19 pandemic during the period of our audit. Physical verification of inventory/stock audit could not be conducted on 31.03.2021 by visiting the premises of client. Also, due adherence has been given to ICAI's guidelines to facilitate carrying out audit remotely wherever physical access was not possible. Thus, the value of inventory/closing stock is taken as valued and certified by the management.

iii. In our opinion and according to information and explanations given to us, 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 and hence reporting under clause 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loan, investment nor provided any guarantees and securities under Sections 185 and 186 of the Act and hence reporting under clause 3(iv) of the Order is not applicable to the Company.

v. The Company has not accepted deposits during the year and hence reporting under clause 3(v) of the Order is not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.



vii. According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, with certain delays, the dues including, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities, *except that the company has not fulfilled its obligation to collect Tax Collected at Source (TCS) from its major debtors (i.e., Bata India Limited, Lavanya Trading Company and Padmavati Enterprises) under Section 206C(1H) of the Income Tax act, 1961 for the said year.*
- (b) Further, as at 31st March 2021, there are no such dues outstanding for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2021 on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (₹ Lakhs)
Central Excise Act, 1944	Excise Duty	High Court	2001	44.00

The matters stated above are pending for adjudication at relevant authorities.

viii. The Company *has defaulted* in repayment of loans/borrowing to banks. The accounts of the Company have been classified as NPA and the notice calling to pay the outstanding under SARFAESI has been issued.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**Place: Chandigarh**

**Date: 03.07.2021**

**For M/S Goel Satish & Co.**  
**Chartered Accountants**  
Firm Registration No. 010693N



**(CA. Satish Goel)**  
**Prop.**  
**Membership No. 089414**