

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DEEPJYOTI TEXTILES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **DEEPJYOTI TEXTILES LIMITED** (hereinafter referred to as the Company), comprising of the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended along with the Significant Accounting Policies and other explanatory information forming an integral part thereof.

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 and cash flows of the Company in accordance with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, 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.

AUDITORS' 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 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 true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 reasonable basis for our audit opinion.



EMPHASIS OF MATTER PARAGRAPH

The Company was listed at Pune and Ahmedabad Stock Exchange; however these exchanges have ceased functioning as per Circular / Guidelines issued by the SEBI. At present company is in process of listing at Metropolitan Stock Exchange of India Ltd.

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, the Balance Sheet of the state of the affairs of the Company as at 31st March 2017 and its Statement of Profit & Loss and its Cash flows 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, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and accordingly to the information and explanation given to us, we given in the "Annexure A" a statement on the matters specified in 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 and the Cash Flow Statement 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 Rule-7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors, as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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 Auditors' 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 no pending litigation on its financial position in its financial statements;
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



- iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016; and such disclosures are in accordance with the books of accounts maintained by the Company.



For P.D. HEDA & CO.
Chartered Accountants
Firm Reg. No.103605W

M.D. HEDA

M.D. HEDA
Proprietor
Membership No.031508

Place: Mumbai
Date: 30.05.2017

“Annexure – A” referred to in paragraph (1) of our report of even date

Report of Companies (Auditor's Report) Order, 2017 referred in the paragraph 1 of Auditor's Report to Members of DEEPJYOTI TEXTILES LIMITED on the accounts for the year ended 31st March, 2017.

(i) Fixed Assets

- (a) The Company has maintained proper records showing full particulars, including quantitative details and the situation of fixed assets.
- (b) According to the information and explanations given to us, the fixed assets have been physically verified by the management in a phased periodical manner to cover all the fixed assets over a period, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. As informed to us, no material discrepancies were noticed as compared to the books records, on such physical verification.
- (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.

(ii) Inventory

The Company's does not hold any inventories and accordingly, the requirements of paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) As per the information and explanations given to us, the Company has granted unsecured loans to a party covered in the register maintained under section 189 of the Companies Act, 2013

- a. The yearend balance of loan given to such party is Rs. 223.43 Lakhs (Previous Year Rs. 131.08Lakhs).
- b. As per the information given to us, the above loans are repayable on demand. There is no time stipulation for repayment of loan.
- c. The receipts of the interest on above loans have been regular/as per stipulations.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 & 186 of the Act, with respect to the loans/guarantees given, investments made & securities provided.

(v) The Company has not accepted deposits from the public within the meaning of Section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder.

(vi) According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 148 (1) of the Companies Act, 2013.

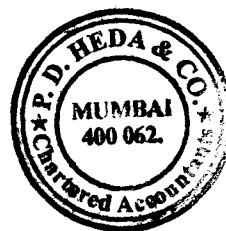
(vii) Statutory Dues

- (a) As per the information & explanation given to us and according to the records, 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 & others as applicable) with the appropriate authorities except delay in few cases. There are no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2017 for a period of more than six months from the date of they becoming payable.
- (b) According to the information and explanations given to us and the examination of the statutory records, there are disputed dues which have not been deposited on account of disputed matters pending before the appropriate authorities.


Name of the Statue	Nature of Dues	Amount under dispute	Amount Paid	Period to which it relates	Forum where dispute is pending
Central Sales Tax Act	Input VAT credit	79,177	-	2007-08	Dy. Commissioner of Sales Tax (Appeal), Mumbai



- (viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans borrowings from financial institutions, banks or dues to the debenture holders. The Company does not have any loans from Government.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and money raised by way of term loans during the year have been applied for the purposes for which they are obtained.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company y its officers or employees, noticed or reported during the year, nor have been informed of any such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of the Section 197 read with Schedule V of the Companies Act 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.
- (xiii) 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 are in compliance with Section 177 & 188 of the Companies Act, 2013 and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the records of the Company examined by us, and information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According the records of the Company examined by us, and information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with them.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.



For P.D. HEDA & CO.
Chartered Accountants
Firm Reg. No.103605W


M.D. HEDA
Proprietor
Membership No.031508

Place: Mumbai
Date: 30.05.2017

"Annexure - B" referred to in paragraph (1) of our report of even date**Report of 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 **DEEPJYOTI TEXTILES LIMITED** ("the Company") as of 31st 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 control 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 there were operating effectively for ensuring the orderly and efficient conduct of this 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 control 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

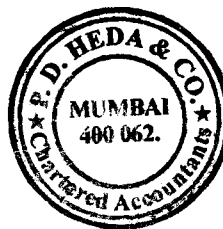
A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's 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 authorizations 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 systems over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, 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 Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



For P.D. HEDA & CO.
Chartered Accountants
Firm Reg. No.103605W

M.D. HEDA
Proprietor
Membership No.031508

Place: Mumbai
Date: 30.05.2017