

Date: 28th May, 2019

1) The Manger, Listing Department, National Stock Exchange of India Limited, Exchange Plaza, C-1, Block-G Bandra Kurla Complex, Bandra (East), Mumbai- 400051	2) The Listing Department, Corporate Relationship Department, BSE Limited, 1st Floor, New Trading Wing, P.J. Towers, Dalal Street Fort, Mumbai-400001
Scrip Code - ARCHIES	Scrip Code - 532212

Dear Sir/Madam,

SUB: Auditor's Report for the Year ended on 31st March, 2019

Please find attached herewith Auditor's Report of the Statutory Auditors of the Company for the Year ended 31st March, 2019.

Kindly take the same on records and acknowledge the receipt.

Thanking You

Yours Sincerely
For **Archies Limited**



Dilip Seth
(Director (Finance) & CFO)



ARCHIES LIMITED

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TEL.: 91-11-41410000, 41412222, Fax : 91-11-41410060, Email : archies@archiesonline.com, Website : www.archiesonline.com
REGISTERED OFFICE : PLOT NO. 191-F, SECTOR-4, I.M.T. MANESAR, GURUGRAM - 122050, HARYANA (INDIA)

J.P., KAPUR & UBERAI

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To The Members of
ARCHIES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **ARCHIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2019, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the 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, the aforesaid 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2019, the profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditors' Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditors' Response
<p><u>Recoverability of Insurance Claim Filed</u></p> <p>On 14 February, 2019, a fire occurred at the head office premise of the company causing damage to the Property, Plant and Equipment and Inventory as detailed in Note 36.</p> <p>Against the above loss, the company has filed the insurance claim of ₹ 926.67 Lakhs (Property, Plant and Equipment at replacement value and Inventory at cost) with the insurance company. The amount of ₹ 510.90 Lakhs, being complete loss has been shown as "Insurance Claim Receivable" in (Note 8(d)). The book value of repairable items is included respectively in Property, Plant and Equipment (Note 3) and Inventory (Note 7).</p> <p>Quantum of the recoverable amount of insurance claim is uncertain as the final assessment of the loss is under process by the insurance company.</p>	<p><u>Principal Audit Procedure</u></p> <p>We have carried out the checking of working of the management determining the written down value of those Property, Plant and Equipment and Inventory which have been damaged/ destroyed due to fire.</p>

Management's Responsibilities for the Financial Statements

The Company's Board of Directors is 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 financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. 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 implementation and maintenance of 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.



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In preparing the 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 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 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Act, we give in "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, 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - (c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



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- (e) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 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".
- (g) With respect to the other matters to be included in the Auditors' 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 of the Act.

- (h) 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, 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 financial statements- Refer Note 28 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts except as stated below, required to be transferred, to the Investor Education and Protection Fund by the Company.

Due Date	Date of Demand Draft	Date of Deposit
5 December, 2018	30 November, 2018	17 December, 2018

Place: Gurugram
Date: 28 May, 2019



For J. P., KAPUR & UBERAI
CHARTERED ACCOUNTANTS
(Firm Registration No. 000593N)

H. S. Khurana
PARTNER
(M. No. 017779)

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (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 during the year. There is a regular programme of verification, which, in our opinion, is reasonable, having regard to the size of the Company and nature of its fixed assets. No material discrepancies were noticed on such verification.

(c) According to our examination of the books and records of the Company and the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- ii. The inventory has been physically verified by the management at reasonable intervals. The discrepancies noticed on verification between the physical stocks and book records were not material.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the order is not applicable.
- iv. The Company has not entered into any transaction in respect of loans, investments, guarantees and security to which the provisions of Section 185 and 186 of the Act would apply.
- v. The Company has not accepted any deposits from the public to which the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder would apply.
- vi. The Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Act in respect of the products of the Company.
- vii. (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities 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 applicable to it, except in few cases where there is a delay in deposit. According to the information and explanations given to us, no undisputed amounts payable in respect of 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 applicable to it were outstanding, as at 31 March, 2019 for a period of more than six months from the date they became payable.



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(b) According to the records of the Company, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited with the appropriate authorities on account of any dispute, except the following: -

Nature of the Statutory Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Tax Deducted at Source	6.67	2010-11	Commissioner of Income Tax (Appeals)
Tax Deducted at Source	9.02	2011-12	Commissioner of Income Tax (Appeals)

- viii. The Company has not defaulted in the repayment of loans or borrowings to banks. The Company has neither taken any loans or borrowings from financial institutions or government nor issued any debentures during the year.
- ix. The Company has not taken any moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, paragraph 3(ix) of the order is not applicable.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.
- xi. According to our examination of the books and records of the Company and the information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. According to the information and explanations given to us, the Company is not a Nidhi company.
- xiii. According to our examination of the books and records of the Company and the information and explanations given to us, transactions with the related parties are in compliance with Section 177 and 188 of the Act and the details of such transactions have been disclosed in Note 31 to the Financial Statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



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- xv. According to our examination of the books and records of the Company and the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.



For J. P., KAPUR & UBERAI
CHARTERED ACCOUNTANTS
(Firm Registration No.000593N)

A handwritten signature in black ink, appearing to read "H. S. Khurana".

Place: Gurugram
Date: 28 May, 2019

H. S. Khurana
PARTNER
(M. No. 017779)

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of the Company as of 31 March, 2019 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("the 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 Act.

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 and the Standards on Auditing, both issued by ICAI and deemed to be prescribed under Section 143(10) of the Act 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 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 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, on the achievement of the objectives of the control criteria, 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, 2019, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.



Place: Gurugram
Date: 28 May, 2019

For J. P., KAPUR & UBERAI
CHARTERED ACCOUNTANTS
(Firm Registration No. 000593N)


H. S. Khurana
PARTNER
(M. No. 017779)