



**Suprajit  
Engineering  
Limited**

**Registered & Corporate Office :**

#100, Bommasandra Industrial Area, Bangalore - 560 099.

Tel: +91-80-43421100 / 27833828, Fax: +91-80-27833279

E-mail: info@suprajit.com Web : http://www.suprajit.com

Corporate Identity Number (CIN) : L29199KA1985PLC006934



**May 29, 2017**

|   |   |
|---|---|
| <b>BSE Limited<br/>Phiroze Jeejebhoy Towers<br/>Dalal Street<br/>Mumbai – 400 001</b> | <b>National Stock Exchange of India<br/>Limited Exchange Plaza<br/>Bandra – Kurla Complex<br/>Bandra (East), Mumbai – 400 051</b> |
|---|---|

Dear Sir/Madam,

**Sub: Auditors Report for the financial year ended March 31, 2017**

The Statutory Auditors of the Company, Messrs Varma & Varma have issued Auditors Report on the standalone and consolidated Financials of the Company for the year ended March 31, 2017. Copy of the same is enclosed herewith.

This is for your information & records.

Thanking you,

Yours faithfully,

**For Suprajit Engineering Limited**

**Medappa Gowda J  
CFO & Company Secretary**

Encl: as above

**INDEPENDENT AUDITORS' REPORT ON  
STANDALONE FINANCIAL STATEMENTS**

To  
The Members of **SUPRAJIT ENGINEERING LIMITED**

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Suprajit Engineering Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Profit and Loss Statement and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

**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 and presentation of these standalone 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 principles generally accepted in India, including 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 provisions 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 standalone 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 standalone 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 there under.

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 standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements.

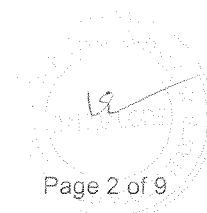
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

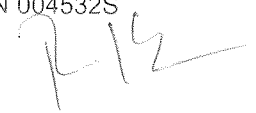
1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the 'Annexure A' a statement on the matters specified in the paragraph 3 and 4 of the said 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;
  - c. The Balance Sheet, the Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

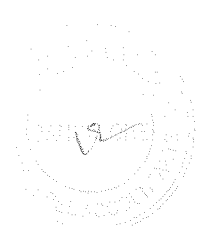


- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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 financials 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:
- the Company has pending litigations disclosed as contingent liabilities in its Note No.23.6.1 to the financial statements, the impact if any on the final settlement of these litigations is not ascertainable at this stage;
  - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - there were no delays in transferring undisputed amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.
  - the Company has provided requisite disclosure in note no. 23.14 of its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of account maintained by the Company.

Place: Bangalore  
Date : May 29, 2017

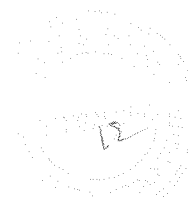
For **VARMA & VARMA**  
Chartered Accountants  
FRN 004532S

  
**R KESAVADAS**  
Partner  
M. No. 23862



**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT  
ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING 'REPORT ON  
OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR INDEPENDENT AUDIT  
REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SUPRAJIT  
ENGINEERING LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

- (i)
- (a) As stated in Note No. 23.4, the full quantitative particulars giving item wise/ location wise details of fixed assets are maintained in the ERP system in respect of additions made after 1.4.2008, however certain particulars require to be updated. The particulars of fixed assets acquired prior to this date have been updated in the ERP system in a summarised format. However, item wise particulars are available for major assets in manual form.
- (b) We are informed by the management that most of the fixed assets of the Company are being physically verified in accordance with a programme, which in our opinion, is reasonable having regard to the size and nature of its assets. According to the information and explanations given to us material discrepancies identified on such verification when compared with available records have been properly dealt within the books of account.
- (c) According to the information and explanations given to us and as per verification of the records of the Company, the title deeds of the immovable properties are held in the name of the Company. As stated in note no. 4.1.3 and 5.1.2 of the standalone financial statements, the immovable properties are mortgaged for availing credit facilities from banks / financial institution.
- (ii) We are informed by the management that the inventory of raw materials, stores and spares, work-in-progress and finished goods in the custody of the Company are physically verified by the management on a quarterly basis as per a programme of perpetual inventory, the frequency of which, in our opinion is reasonable, having regard to the size of the Company and the nature of its business and the discrepancies of material nature noticed on physical verification, by the management, have been properly dealt with in the books of account during the year.
- (iii) According to the information and explanations given to us, the Company had not granted loans, secured or unsecured, to companies, firms, limited liability partnerships, or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of the section 185 and 186 of the Act in respect of the investment made and guarantees given by the Company.



- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, applicable to the Company. According to the information and explanations given to us, in respect of such deposits there are no directives issued by the Reserve Bank of India which requires to be complied with by the Company.
- (vi) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Rules made by the Central Government, for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii)
- (a) According to the information and explanations given to us and as per our verification of the records of the Company, the Company has been fairly regular in depositing undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues with the appropriate authorities during the year to the extent applicable. There are no arrears of undisputed statutory dues of a material nature outstanding as at the last day of the financial year for a period of more than six months from the date on which they became payable.
- (b) According to the information and explanations given to us and as per our verification of the records of the Company, the following disputed amounts of tax/ duty have not been deposited with appropriate authorities as at 31<sup>st</sup> March 2017:

| Name of the Statute           | Nature of the dues | Amount (Rs. in Millions) | Period (financial year) to which the amount relates to | Forum where dispute is pending             |
|-------------------------------|--------------------|--------------------------|--|--|
| Maharashtra VAT Act, 2002 #   | Value Added Tax    | 31.15*                   | 2006-07  | Joint Commissioner of Sales Tax (Appeals)  |
| Central Sales Tax Act, 1956 # | Central Sales Tax  | 1.80*                    | 2006-07  | Joint Commissioner of Sales Tax (Appeals)  |
| Maharashtra VAT Act, 2002 #   | Value Added Tax    | 29.09*                   | 2008-09  | Deputy Commissioner of Sales Tax (Appeals) |
| Maharashtra VAT Act, 2002 #   | Value Added Tax    | 24.47*                   | 2009-10  | Joint Commissioner of Sales Tax (Appeals)  |
| Central Sales Tax Act, 1956 # | Central Sales Tax  | 3.39*                    | 2009-10  | Joint Commissioner of Sales Tax (Appeals)  |
| Income Tax Act, 1961          | Income Tax         | 3.62                     | 2009-10<br>(AY 2010-11)                                | Commissioner of Income Tax (Appeals)       |
| Income Tax Act, 1961          | Income Tax         | 3.24                     | 2010-11<br>(AY 2011-12)                                | Commissioner of Income Tax (Appeals)       |

| Name of the Statute  | Nature of the dues | Amount (Rs. in Millions) | Period (financial year) to which the amount relates to | Forum where dispute is pending                  |
|----------------------|--------------------|--------------------------|--|---|
| Income Tax Act, 1961 | Income Tax         | 2.19                     | 2012-13<br>(AY 2013-14)                                | Dispute Resolution Panel                        |
| Finance Act, 1994    | Service Tax        | 0.11                     | 2015-16  | Customs Excise & Service tax Appellate Tribunal |
| <b>Total</b>         |                    | <b>99.06</b>             |  |   |

\* net of Rs. 3.60 million paid under protest

# a stay order has been received against the amount disputed and not deposited.

- (viii) According to the information and explanations given to us and as per our verification of the records of the Company, the Company has not defaulted in repayment of its dues to the financial institutions and banks.
- (ix) According to the information and explanation given to us and as per our verification of records of the Company, the Company has not raised money by way of initial public offer or further public offer (including debt instrument) during the year.  
According to the information and explanations given to us and as per our verification of the records of the Company, it has not availed any term loans during the year. During the year, the Company has utilised the balance amount of Rs. 196.90 Million term loan pending utilisation of the previous year for the purpose of capital expenditure, which prima facie, is applied for the purposes for which the loan was obtained.
- (x) According to the information and explanations given to us and as per our verification of records of the Company, no material fraud either by the Company or on the Company by its officers and employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and as per our verification of records of the Company, 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 Act.
- (xii) In our opinion and according to the information given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and as per our verification of records of the Company, transactions with the related parties are in compliance with the sections 177 and 188 of the Act and details of such transactions have been disclosed in the standalone financial statements as required by Accounting Standard 18 – Related Party Transactions.



**Chartered Accountants**

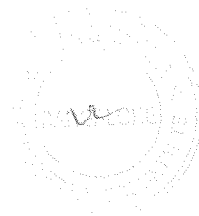
- (xiv) According to the information and explanations given to us and as per our verification of records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year. The Company had raised the funds from private placement during the previous year for the purpose of optimizing the mix of debt and equity to meet its needs of the growing business and during the end of the previous year, the Company had utilised a balance of Rs. 1,000 million which was unutilised and such amount has been utilised during the year for the purpose of acquisition of shares in one of its wholly owned foreign subsidiary.
- (xv) According to the information and explanations given to us and as per our verification of records of the Company, the Company has not entered into non-cash transactions with the directors or persons connected with the directors. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **VARMA & VARMA**  
Chartered Accountants  
FRN 004532S



**R KESAVADAS**  
Partner  
M. No.23862

Place: Bangalore  
Date : May 29, 2017





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

**ANNEXURE REFERRED TO IN PARA 2 (F) "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF THE INDEPENDENT AUDITOR'S REPORT OF 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 **Suprajit Engineering Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.


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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

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

Our audit involves performing procedures, on test check basis, 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.

  
Page 8 of 9

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.

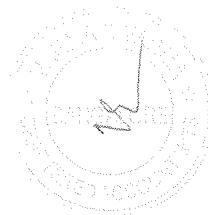
**Opinion**

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 March 31, 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 ICAI.

Place : Bangalore  
Date : May 29, 2017

For VARMA & VARMA  
Chartered Accountants  
FRN 004532S

  
**R KESAVADAS**  
Partner  
M No. 23862



Page 9 of 9

**INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To  
The Members of SUPRAJIT ENGINEERING LIMITED

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Suprajit Engineering Limited (hereinafter referred to as 'the Holding Company') and its four subsidiaries (the Holding Company and its four subsidiaries together referred as 'the Group') comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2017, the Consolidated Profit and Loss Statement and the Consolidated Cash Flow statement for the year then ended and a summary of the significant accounting policies, notes on consolidated financial statements and other explanatory information (hereinafter referred to as "the consolidated financial statements").

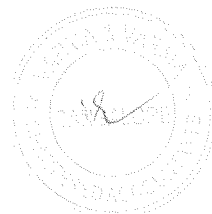
**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable pronouncement issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan



and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

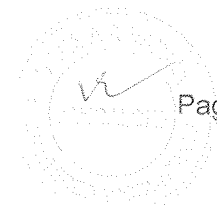
We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

#### **Other Matter**

We did not audit the financial statements of the four direct subsidiaries (two of them incorporated in India and two incorporated outside India) whose financial statements reflect total assets of Rs.7,008.76 million as at 31<sup>st</sup> March, 2017, total revenues of Rs. 6,642.16 million and net cash inflows amounting to Rs. 34.25 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements which are prepared using all accounting policies having a material impact as that used by the Holding Company and other financial information of the four subsidiaries have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of those subsidiaries and our report in terms of sub-section (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the report of other auditors. The financial statements of the foreign subsidiaries have been prepared and audited under the laws applicable in those countries of which the financial statements of one of the foreign subsidiaries have been prepared by the management under the accounting standards applicable in India and such special purpose financial statements have been audited under the auditing standards applicable in India by another auditor.



Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act and on the consideration of the report of the other auditors on separate financial statements and other financial information of four subsidiaries, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account/ records as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Profit and Loss Statement, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account/ records of the holding company maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated 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 the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and based on the reports of the statutory auditors of its subsidiary companies incorporated in India to whom this clause is applicable, none of the directors of the Holding Company and its subsidiary companies incorporated in India is disqualified as on 31<sup>st</sup> 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 A'; and

(g) With respect to the other matter 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 and on the



consideration of the report of the other auditors on separate financial statements and other financial information of four subsidiaries, as noted in the 'Other Matter' paragraph:

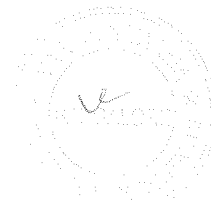
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 22.7.1 to the consolidated financial statements;
- ii. The Group has made provision, as required under the applicable law or accounting standards, if any, on long term contracts including derivative contracts for which there were material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies incorporated in India; and
- iv. The Company has provided requisite disclosures in note no 22.17 of its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company.

For **VARMA & VARMA**  
Chartered Accountants  
FRN 004532S



**R KESAVADAS**  
Partner  
M No. 23862

Place : Bangalore  
Date : May 29, 2017



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARA 2 (f) "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF THE INDEPENDENT AUDITOR'S REPORT OF REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2017, we have audited the internal financial controls over financial reporting of Suprajit Engineering Limited ("the Holding Company") and its subsidiary companies incorporated in India, as of that date.

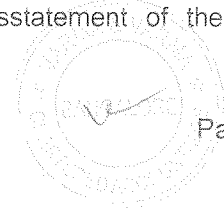
**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are 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, on test check basis, 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.

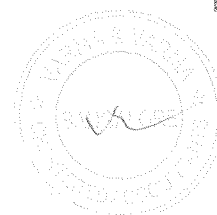
**Opinion**

In our opinion and based on the report of the statutory auditors of its subsidiary companies incorporated in India, the Holding Company and its subsidiaries incorporated in India have, 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<sup>st</sup> 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 ICAI.

For **VARMA & VARMA**  
Chartered Accountants  
FRN 004532S

  
**R KESAVADAS**  
Partner  
M No. 23862

Place : Bangalore  
Date : May 29, 2017



Page 6 of 6