

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FCI ARAVALI GYPSUM & MINERALS INDIA LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of **FCI ARAVALI GYPSUM & MINERALS INDIA LTD** ("the company"), which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters 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 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 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.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 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 basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 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 appears from our examination of those books
 - c) As per the information and explanations given to us, the company has no branch office(s). Hence, no requirement to consider report of branch auditor and dealt with it in preparing our report.
 - d) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- e) 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.
 - f) In our opinion, there is no such observation which may have adverse effect on the functioning of the company.
 - g) Section 164(2) of the Act is not applicable as per notification dated 05.06.2015.
 - h) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.
 - i) The company has adequate internal financial control system in place and the operating effectiveness of such controls.
 - j) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of 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 vide Note No. 26.
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any 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 Company.
3. The details as required under the directions/sub directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 are attached in Annexure 1 & Annexure 2.

For M. Parashar & Company
Chartered Accountants
F.R.N. 110954C

(Kuldeep Jangid)
Partner
M. No. 401467

Place: New Delhi
Date: **1st July, 2015**

Annexure -1

Directions for the year 2014-15.

1. If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.”

The Company has not been selected for disinvestment during the year under audit.

2. Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons thereof and the amount involved.

The Company has write off Rs. 31,75,232/- against debtors There are no cases for waiver /write off of interest etc. during the year under audit.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.

Proper records are maintained for inventories lying with third party and no asset has been received from Government or other authorities.

4. A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given

1. Case No. 63/2005, is pending before the Hon'ble High Court, Jodhpur since 2005. (M/s Aanav Constructions)

2. Case No. 76/2007 is pending with Hon'ble Civil Judge Court, Aligarh for revision.

3. Case No. MACT No. 07-08, is pending before the Civil Procedure- Authority of Motor Accident Claim, Jaisalmer since Jan., 2008.

4. Case No. 26/14 is pending before Additional District Judge, Barmer

5. Case No. 452/2014 is pending before Rajasthan High Court, Jodhpur Bench.

Brief details of the above mentioned cases is as follows:

S.No.	Case No.	Age	Nature of case	Latest hearing held on	Expenditure for F.Y.2014-15	Reasons for pending
1	232/1995 76/2007	20 Years	Civil	22.03.2014	Nil	It is under the purview of Court
2	63/2005	10 years	Civil		Nil	-do-
3	MACT No. 07- 08	07 Year	Motor Vehicles Act	05.03.2009	Nil	-do-

4	26/14	1 Year	Civil	29.05.2015	26000	-do-
5	452/2014	1 Year	Civil	11.05.2015	51000	-do-

For M. Parashar & Company

Chartered Accountants

F.R.N. 110954C

(Kuldeep Jangid)

Partner

M. No. 401467

Place: New Delhi

Date: **1st July, 2015**

Sub-Directions under section 143(5) of Companies Act 2013 for the year 2014-15.

On the basis of the Books of accounts of the Company, the reply to the following questions and/or information may be supplied:-

1. Land

Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold for which title/lease deeds are not available.

As per the opinion obtained from an Advocate appointed by the management dt. 20.06.2013, the title of 4 pieces of lands in possession of the Company are clear, the registration formalities are in process for an area of 1337.76 sq. meters situated at Plot No 175 & 176, Transport Nagar, Anganva Village, Jodhpur (allotted by Jodhpur Development Authority).

Apart from above, payment for following two pieces of land has been made by the company, during the year:-

- a. Land admeasuring 11.01 ha in village Pandoli, Distt. Chittorgarh for installation of SSP plant. The registration formalities have been completed and taken possession of land.
- b. Land admeasuring 1560 sq. mtrs. at Vivek Vihar, Jodhpur for construction of office building was allotted by Government of Rajasthan through JDA. Possession of the land taken but the registration formalities are in process.

2. Confirmation of balances

- (i) Whether amount of (a) bank balances (b) trade receivables (c) trade payables (d) loans and advances for which third party confirmation was not made available has been reported?
- (ii) Where such balance has been confirmed by respective parties, whether it varies widely from the amounts reflected under respective heads in the financial statements, and if so, difference to be disclosed.
 - i) Bank Balances have been confirmed in writing by all the banks. Letters have been issued by the company to all the parties to confirm the balances of trade receivables, trade payables and loans & advances directly to statutory auditors. However, most of the balances have been recovered or adjusted subsequently in respect of receivables and payables.
 - ii) No difference has been found in confirmation of balances. In most of the cases the balance have been realized or adjusted.

3. Reconciliation of deposits

Whether the deposits/advances made by the Company to the Customs, Excise, Income tax, Sales tax (VAT), Service tax and other authorities have been verified and reconciled with the respective authorities?

The deposits with Statutory Authorities have been reconciled.

4. Employee Benefits

Independent verification may be made of information/inputs furnished to Actuary, viz number of employees, average salary, retirement age and assumptions made by the Actuary regarding discount rate, future cost increase, mortality rate, etc for arriving at the provision for liability of retirement benefits, viz gratuity, leave encashment, post-retirement medical benefits etc.

The Company has taken defined benefit plan from LIC. Company is taking valuation done by LIC for accounting of retirement benefits. No Independent verification has been carried out by the company.

5. Investments

Whether the titles of ownership in respect of CGS/SGS/Bonds/Debentures etc. are available in physical/demat form and these, in aggregate, agree with the respective amounts shown in the Company's books of accounts?

There are no investment of the company in Bonds/Debentures etc.

For M. Parashar & Company
Chartered Accountants
F.R.N. 110954C

(Kuldeep Jangid)
Partner
M. No. 401467

Place: New Delhi
Date: **1st July, 2015**

**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING
“REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR
REPORT OF EVEN DATE ON THE ACCOUNTS OF FCI ARAVALI GYPSUM &
MINERALS INDIA LIMITED FOR THE YEAR ENDED MARCH 31, 2015**

- (i) (a) Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of Fixed Assets:

FCI ARAVALI GYPSUM & MINERALS INDIA LTD has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

- b) Whether these Fixed Assets have been physically verified by the management at reasonable intervals, whether any material discrepancies were noticed on such verification and if so whether the same have been properly dealt with in the books of accounts.

The Fixed Assets of the company are physically verified by the Management. As per the information given by the Management, no material discrepancies were noticed during such verification.

- (ii) (a) Whether physical verification of inventory has been conducted at reasonable intervals by the management.

Physical verification of inventory has been made at reasonable intervals.

- (b) Are the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business if not the inadequacies in such procedures should be reported.

The procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the company and nature of its business

- (c) Whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of account.

The Company maintains proper records of inventory. No discrepancies noticed on verification between the physical stocks and book records.

- (iii) Whether the company granted or taken any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. If so,

The company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under

section 189 of the Companies Act as such paragraph (iii) (a) & (b) are not applicable to the company.

- (iv) Is there an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Whether there is a continuing failure to correct major weakness in internal control system.

In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and nature of the business in respect of purchase of inventory and fixed assets and for the sale of goods and services.

- (v) In case the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, where applicable have been complied with? If not, the nature of contravention should be stated; if an order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?

The company has not accepted any deposits from the public within the meaning of sec. 73 to 76 of the Companies Act, 2013 read with the directives issued by the Reserve Bank of India as such the clause (v) is not applicable to the company.

- (vi) Where maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, whether such accounts and records have been made and maintained.

The company has maintained cost records as prescribed under sub section (1) of section 148 of the Companies Act 2013.

- (vii) (a) Is the company regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, value added tax Cess and any other statutory dues with the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor.

According to information and explanations given to us, the company is depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other Statutory dues to the extent applicable to it and there are no arrears outstanding for more than six months.

(b) In case dues of sales tax/income tax/ custom tax/wealth tax/excise duty/cess/Service Tax have not been deposited on account of any dispute,

then the amount involved and the forum where dispute is pending may please be mentioned. (A mere representation to the Department shall not constitute the dispute).

There were no disputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax Custom Duty and Excise Duty, which were outstanding for more than six months.

(c) Whether the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of Companies Act and rules made there under has been transferred to such fund within time.

According to information and explanations given to us no amount is required to be transferred to Investor Protection Fund pursuant to provisions of Companies Act.

- (viii) Where in case of a company which has been registered for a period not less than five years, its accumulated losses at the end of the financial year are not less than fifty percent of its net worth and whether it has incurred cash losses in such financial year and in the financial year immediately preceding financial year so;.

The clause (viii) is not applicable to the company.

- (ix) Whether the company has defaulted in repayment of dues to a financial institution or bank or debenture holders? If yes, the period and amount of default to be reported.

This clause (ix) is not applicable to the company.

- (x) Whether the company has given any guarantee for loans taken by others from banks or financial institution, the terms and conditions whereof prejudicial to the interest of the company are;

According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

- (xi) Whether term loans were applied for the purpose for which the loans were obtained.

Based on our audit procedures and on the information given by the management, we report that the company has not obtained any term loans during the year.

- (xii) Whether any fraud on or by the company has been noticed or reported during the year, if yes, the nature and the amount involved is to be indicated.

Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For M. Parashar & Company
Chartered Accountants
F.R.N. 110954C

(Kuldeep Jangid)
Partner
M. No. 401467

Place: New Delhi
Date: **1st July, 2015**