

(To be obtained on client's letterhead)

To,
Chartered Accountants
Mumbai

Date:
(Being the same date of audit report)

Dear Sirs,

Subject: Management Representation Letter.

This representation letter is provided in connection with your audit of the financial statements of _____ ("the Company") as at **March 31, _____** and for the year then ended. We recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the Standalone financial statements present fairly, in all material respects, the financial position of _____ ("the Company") as at **March 31, _____** and of its financial performance for the year then ended in accordance with accounting principles generally accepted in India. We acknowledge our responsibility for preparation of financial statements in accordance with the requirements of the Companies Act, 2013 (or other relevant statute, as applicable) and recognized accounting policies and practices, including mandatory Accounting Standards issued by the Institute of Chartered Accountants of India

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves

1. Basis of Preparation of Financial Statements and Financial Records

- 1.1 The Accounting Policies which are material or critical in determining the results of operations for the year or the financial position are set out in the financial statements and are consistent with those adopted in the financial statements for the previous year.
- 1.2 The Company has in place adequate **internal financial control** with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was noticed. (if IFC applicable)
- 1.3 The financial statements are prepared on a **going concern** basis and discloses all of the matters of which we are aware that are relevant to the Company's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans/and assurance of continued financial support.
- 1.4 We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

2. Fraud

- 2.1 We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud and error.
- 2.2 We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 2.3 We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Company's internal controls over financial reporting. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Company.

3. Secured and Unsecured Loans

- 3.1 The Company has obtained the loans during the year.
- 3.2 The company has not applied funds raised on short-term basis for long term investment and vice-versa.
- 3.3 The Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
- 3.4 The company has not taken any loans, secured or unsecured, from companies, firms or other parties in the register maintained under the Companies Act, 1956/2013.
- 3.5 The Company has not accepted any deposits from the public during the year.
- 3.6 The company has not accepted deposits, within the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, where applicable, have been complied with.

4. Share Capital

- 4.1 The Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year
- 4.2 The Company has not granted any options, warrants or conversion rights in respect of the Company's Capital except as disclosed in the in the financial statements.
- 4.3 The Company has not issued any right shares during the year.
- 4.4 No money has been raised by public issue during the year.

5. Investments

- 5.1 All the investments as appearing in the Balance Sheet belong to the entity and they do not include any investments held on behalf of any other person.
- 5.2 Investments are valued **at the lower of cost and net realizable value on First in First out (FIFO) basis.**

6. Fixed Assets and Depreciation:

- 6.1 The company has satisfactory title to all owned assets and are duly utilised for the business purpose only. There are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except for those as mentioned in schedule enclosed. None of the fixed assets have been revalued during the year;
- 6.2 Fixed assets are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than free hold land) and impairment loss if any. The amounts so charged do not in any instance represent repairs and maintenance of such assets or any expenditure properly chargeable to revenue.
- 6.3 The net book value of these fixed assets has been arrived at after writing off amounts relating to all items which have been sold or scrapped on or before the Balance Sheet date and that the book values of all fixed assets do not exceed their recoverable amount as at the balance sheet date
- 6.4 No events or changes in circumstances have occurred that indicate the carrying amounts of fixed assets and intangibles may not be recoverable. Fixed assets and intangibles have been reviewed for impairment whenever events or changes in circumstances have indicated that their carrying amounts may not be recoverable. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised as an expense in the statement of profit and loss
- 6.5 Depreciation on the Fixed Assets is provided **using straight line method** over the useful life of assets as specified in schedule II to the Companies Act, 2013. Depreciation on fixed assets which are added / disposed off during the year is provided on pro-rata basis with reference to the date of addition / deletion. Freehold land is not depreciated.

6.6 The fixed assets were physically verified during the year in accordance with the policy of the Company and appropriate adjustments have been made in the books for the discrepancies noticed on such verification, which were not material.

6.7 Adequate records have been maintained for fixed assets showing inter-alia, location, type/nature of the asset, cost, and quantitative details and that such records are fully reconciled with the financial records.

6.8 The company has/has not disposed off any substantial part of fixed assets during the year.

7. Intangible Assets:

7.1 Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the intangible assets.

7.2 Computer software's are capitalized at the amounts paid to acquire the respective license for use and are amortized over the period of useful lives or period of three years, whichever is less. The assets' useful lives are reviewed at each financial year end

8. Inventories:

8.1 Company holds inventories of Rs. _____/- as at 31/03/_____.

8.2 Inventories are valued at the lower of cost and net realizable value on First in First out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their respective present location and condition. Cost is computed on the weighted average basis

8.3 Adequate records have been maintained for all categories of inventories showing inter-alia, the receipts and issues and closing balances, both value and quantitative details and that such record are fully reconciled with financial records.

8.4 That physical valuation of stock was done periodically by the firm and no material discrepancy was observed.

8.5 Adequate provisions have been made to reduce the value of all redundant, obsolete, excessive, defective, damaged and non-saleable stocks to their estimated realizable values and full provision for all liabilities has been made in these accounts in respect of all items included in stocks as at 31/03/_____.

8.6 The basis of valuation of inventories is same as that used in the previous year.

9. Cash & Cash Equivalents

9.1 Cash and cash equivalent in the balance sheet as at 31/03/_____ comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

9.2 Cash balances have been physically verified at all locations at the year end and no discrepancies have been found.

10. Related Party Transactions

10.1 All related party transactions that were entered into during the financial year ended 31/03/_____ were on an arm's length basis and were in the ordinary course of business. Therefore, the provisions of Section 188 of the Companies Act, 2013 were not attracted.

10.2 Also, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, or other designated persons which may have a potential conflict with the interest of the Company at large. Thus, disclosure in Form AOC-2 is not required. However, the disclosure of transactions with related party for the year, as per Accounting Standard-18 Related Party Disclosures is given in Note to the Balance Sheet as on 31/03/_____

10.3 In case of existence of related party transactions The particulars of contracts or arrangements with related parties referred to in sub section (1) of section 188 entered by the Company during the financial year ended 31/03/_____ is attached in prescribed Form AOC-2 and forms part of this report.

10.4 In respect of loans, investments and guarantees, provision of section 185 and 186 of the companies act, 2013 have been complied with.

- 10.5 The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act.
- 10.6 All transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements
- 10.7 Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and oral or written guarantees – already disclosed in notes to accounts.
- 10.8 The company has not entered into any non-cash transactions with directors or persons connected with him.
- 10.9 No director of the Company is holding any office or place of profit, without the consent of the Company accorded by a special resolution. Also, no partner or relative of such director, no firm in which such director, or a relative of such director, is a partner, no private company of which such director is a director or member, and no director or manager of such a private company, is holding any office or place of profit carrying a total monthly remuneration of not less than Rs.10,000 (under the provisions of section 188 of the Companies Act, 2013).

11. Foreign Currency Transaction

- 11.1 That all the foreign exchange transactions as regard export proceeds, remittance towards Imports and expenses towards other foreign currency expenses on account of travel etc. are as per RBI guidelines and there is no violation of any of the provisions of Foreign Exchange Management Act (FEMA)
- 11.2 Foreign currency transactions are recorded in the functional currency (Indian Rupee) by applying to the foreign currency amount, the exchange rate between the functional currency and the foreign currency on the date of the transaction.
- 11.3 All monetary items outstanding at year end denominated in foreign currency are converted into Indian Rupees at the reporting date exchange rate. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- 11.4 The exchange differences arising on such conversion and on settlement of the transactions are recognised in the Statement of Profit and Loss.
- 11.5 That the company has not entered into any “International Transactions”, as defined by Section 92B of the Act. In case there is any “International Transaction” has took place during the year it was at “Arm’s Length Price” only, i.e. the transactions had been taken place at prevailing market rate and there is no element of under/over invoicing in these transactions. During the year the company has dealt with the “Associated Enterprises” as defined u/s 92A of the Act. We produce herewith the list of “Associated Enterprises” in Annexure-1.
- 11.6 That the company has used “Comparable uncontrolled method” / “resale price method”/ “Cost plus method” / “Profit Split Method”/ “Transactional net margin method” to determined the arms length price for the purpose of International Transactions with the “Associated Enterprises”. The company has maintained the record prescribed under Rule 10D of the Income Tax Rules for the purpose of determining “Arm’s Length Price”;
- 11.7 That any gain or loss on account of exchange rate fluctuation were debited / credited to the Profit & Loss Account under the head “Foreign Exchange gain/loss A/c”. The closing balance of all current assets & current liabilities (Related to Foreign Exchange Transactions only) are restated at the exchange rates as given in Annexure-2 prevailing at the year end;

12. Current assets and Current liabilities

- 12.1 All current assets as at 31/03/_____ have a value on realization in the ordinary course of business at least equal to the amounts at which they have been stated in the Balance Sheet of the Company as at that date.
- 12.2 Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
- 12.3 Full provisions have been made in the Balance Sheet for all known liabilities of the company, due or accrued, as at 31/03/_____, including all losses expected to arise from events which had occurred by that date.

13. Deferred Taxes:

Deferred tax asset/liability reflects the tax impact of cumulative timing differences between book profits and taxable income of the Company as at the Balance Sheet date. Adequate allowances have been made for possible non- recovery of deferred tax assets

14. Registers, Minutes and Contracts:

- 14.1 The Minutes of the meetings of the Shareholders and Directors and the Registers required to be maintained under the Companies Act 2013 are complete and authentic.
- 14.2 All matters required to be recorded in the registers and minute books of the Company have been, and are, recorded correctly.
- 14.3 We have disclosed to you, and the Company has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

15. PROVISIONS, CONTINGENT LIABILITIES AND COMMITMENTS:

- 15.1 All claims where outflow of economic resources is probable or possible have been properly accrued or disclosed respectively in the Standalone financial statements. No other claims in connection with litigation have been or are expected to be received.
- 15.2 We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.
- 15.3 There were no contingent liabilities, potential liabilities, threatened litigations or capital commitments other than shown in notes to accounts
- 15.4 The Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees state insurance, service tax and tax deducted at source, investor education and protection fund, income-tax, sales tax, wealth tax, custom duty, duty of excise, value added tax and other material statutory dues as applicable with the appropriate authorities during the year. There was no undisputed amount outstanding & payable in respect of statutory dues as at 31st March 2019, for a period of more than six months from the date of they become payable.
- 15.5 An amount of disputed liability of the company and not deposited with appropriate authority are as per reported in CARO.
- 15.6 The company confirms that, there are no contingent liabilities in respect of any other statutory dues for the year ending as on 31/03/2019 other than those reports in notes to accounts.
- 15.7 That the company has not violated any provisions regarding Deduction of Tax at Source as prescribed by Income Tax Act, 1961;
- 15.8 There are no other pending litigations as on 31.03.2019 except _____.

16. STATEMENT OF PROFIT & LOSS:

All materials transactions have been adequately disclosed and full provision has been made in the financial statements for all claims and losses of material amount which have resulted or may be expected to result from events which occurred or from commitments which were entered into on or before the date of balance sheet, including losses resulting from forward purchase and/or sale contracts.

17. GENERAL:

- 17.1 There are no material misstatements, including omissions in the financial statements.
- 17.2 There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements

- 17.3 All income which accrued up to the date of the Balance Sheet, have been taken into account in preparing these accounts.
- 17.4 The financial statements and appended notes thereto, include all material disclosures necessary for these accounts to show a true and fair view of the state of affairs and the results of operations of the Company (including those related to prior period items, extra ordinary items, changes in accounting policies or changes in accounting estimates) and disclosures required to be made therein under the Companies Act, 2013 respective accounting standards/ Securities and Exchange Board of India (SEBI) guidelines/ listing agreement requirements (state where applicable) and are free of material misstatements, including omissions.
- 17.5 All events subsequent to the Balance Sheet date have been fully considered in preparing the accounts and no other matter has come to our attention up to the time of signing this letter which would materially affect the accounts and the related disclosures for the year ended 31/03/____.
- 17.6 It is further confirmed that no expenses of personal nature (other than those payable under contractual obligations or in accordance with generally accepted business practice) and/or not related to the Company's business have been charged to the Company's accounts.
- 17.7 No payment has been made during the year ended 31/03/____ whether directly or indirectly, by way of advertisement or otherwise to any political party in contravention of the provisions of the Companies Act, 2013.
- 17.8 Commitments for future purchases are for quantities not in excess of anticipated requirements and at prices which will not result in loss. Provisions have been made for any material loss to be sustained in the fulfillment of, or from inability to fulfill, any sales commitments.
- 17.9 Based on the written representations obtained from the directors and taken on record by the Board of directors, we confirm that none of the directors is disqualified under the Companies Act, 2013 as at the Balance Sheet date.
- 17.10 That all payments during the financial year ended 31ST March, 2019 relating to any expenditure covered under section 40A(3) were made by account payee cheques drawn on a bank or account payee bank draft, as the case may be.
- 17.11 That no loan or deposit has been taken or accepted or repaid otherwise than through account payee cheques or account payee bank drafts, during the financial year ended 31ST March, 2019:
- 17.12 In the opinion of the management, the Central Government has not prescribed maintenance of Cost records under the S.148 of Companies Act, 2013.
- 17.13 Bad debts booked during the year are not recoverable
- 17.14 Managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act 2013
- 17.15 The Company has an internal audit system commensurate with the size of the Company and nature of its business.
- 17.16 All disclosures as required by MSMED Act relating to Micro, Small and Medium enterprises have been appropriately disclosed in the financial statements. Payments to Micro, Small and Medium undertakings have been made within the prescribed time limit/date agreed upon with the supplier and hence no interest is payable for delayed payments.
- 17.17 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 17.18 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforesaid financial statements.

_____ [Name of Chief Executive Officer/ Director and title]

[For Client Name]