MANAGEMENT REPRESENTATIONS LETTER
(On the Letter head of Client)

To,

____________________
Chartered Accountants
Vadodara.

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of _____________ for the year ended on March 31, 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of _______________________ as of March 31, 2020 and the results of its operations and Cash flows for the year ended on that date.

1. Our Responsibilities

1.1. We acknowledge our responsibility 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 entity in accordance with the applicable legal requirements and recognized accounting policies and practices, including the applicable accounting standards issued by the Institute of Chartered Accountants of India and for making accurate representations to you. Our responsibility includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the entity and for preventing and detecting 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 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.

1.2. We also acknowledge our responsibility for the completeness of information provided to you.

1.3. Further, we acknowledge that we have provided you with all relevant information and access as agreed in the terms of the audit engagement and that all transactions have been recorded and are reflected in the Financial Statements.

2. We confirm, to the best of our knowledge and belief, the following representations:

A. Accounting Policies:

(1) The accounting policies which are material or critical in determining the results of the operations for the year or financial position or cash flows, are set out in the financial
statements and are consistent with those adopted in the financial statements for the previous year. The financial statements are prepared on an accrual basis.

(2) We have reviewed the Entity’s accounting policies and having regard to the possible alternative policies, the selection and application of accounting policies are consistent with the applicable Accounting Standards and are appropriate.

(3) The financial statements are prepared on a going concern basis. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

(4) The presentation and disclosures in the financial statements, including the notes thereto, have been made in accordance with the requirements of the Accounting Standards, as applicable. Accordingly, the comparative figures in the financial statements, including - those in the notes have also been regrouped reclassified and disclosed appropriately.

(5) All events subsequent to the Balance Sheet date and for which the applicable Accounting standards require adjustment or disclosure have been adjusted or disclosed, and no other circumstances/ events/ matters have come to our attention up to the time of signing this letter, which require adjustment of or disclosure in the financial statements or in the notes thereto or would materially affect the accounts and the related disclosures for the year ended March 31, 2020.

B. Accounting Estimates:

(1) We used appropriate measurement processes, including related assumptions and models, in determining the accounting estimate in the context of the applicable Accounting standards.

(2) Measurement processes were consistently applied from year to year.

(3) The assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.

(4) Disclosures related to accounting estimates are complete and appropriate under the applicable Accounting standards.

(5) No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements, 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 ________.

C. Property, Plant and Equipment: (PPE):

(1) The Firm/proprietor has satisfactory title to all assets and there are no liens or encumbrances on the firm/proprietor’s assets, except for those that are disclosed in notes X to the financial statements.
(2) No capital expenditure has been charged to revenue and vice versa. During the year, no physical verification of PPE has been carried out as per the planned programme.

(3) All purchases/acquisitions and disposals/write offs of PPE assets during the year have been duly approved by the appropriate authority.

(4) Title deeds of all immovable properties are held in the name of the entity.

(5) The entity follows cost model/revaluation model for all item of PPE. The net book value, at which PPE assets are stated in the balance sheet, has been arrived at:
   (a) After taking into account all capital expenditure and additions thereto;
   (b) After eliminating the cost and accumulated depreciation relating to items sold, discarded, demolished or destroyed;
   (c) After charging adequate depreciation as per the accounting policy adopted.

(6) The Entity has maintained proper records showing full particular and quantitative details of the fixed assets. All assets have been accounted for appropriately.

(7) The discrepancies in PPE assets if any, on physical verification have been quantified. The accounting adjustment for the same is carried out on reconciliation.

(8) Capital work in progress is capitalized when completion certificate is received as per the procedure followed by the Entity. All CWIP are capitalized when the same is put to use. No item of CWIP has been abandoned or discontinued after the close of the financial year 2020 and till date.

Depreciation of these PPE commences when the assets are put to use. Depreciation on all PPE is provided based on their respective useful lives on reducing balance method.

(9) **Intangible Assets and Amortizations**
   Intangible assets are recognized only if it is probable that future economic benefits that are attributable to the assets will flow to the entity and the cost of assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized over the period of three years.

D. **Capital Commitments:**

(1) Commitments are classified as Capital Commitments and Other Commitments.

(2) At the Balance Sheet date, there were no outstanding commitments for capital expenditure or any other commitments except those disclosed in the Note no. _____ to the Financial Statements.

E. **Investments:**
(1) The current investments as appearing in the balance sheet consist of only such investment as are by their nature readily realizable and intended to be held for not more than one year from the respective dates on which they were made. All other investments have been shown in the balance sheet as ‘long-term Investments’.

(2) Current investments have been valued at the lower of cost and fair value. Long-term investments have been valued at cost, except when only permanent diminution in their value has been provided for in ascertaining their carrying amount.

(3) In respect of offers of right issues received during the year, the rights have been either been subscribed to, or renunciated, or allowed to lapse. In no case, they have been renunciated in favour of third parties without consideration which has been properly accounted for in the books of account.

(4) All the investments produced to you for physical verification belong to the entity and they do not include any investments held on behalf of any person.

(5) The entity has clear title to all its investments including such investments which are in the process of being registered in the name of the entity or which are not held in the name of the entity and there are no charges against the investments of the entity except those appearing in the records of the entity.

(6) The investments sold are not at a price less than that at which they were purchased by the entity/reasonable price/fair market value.

Or

The entity has not sold any investments during the year.

(7) The Entity has held certain part of land and building (define that part) as Investment in immovable properties. This immovable property is held to earn rentals or for capital appreciation or both. The Entity has appropriately done classification in Investment property and Owner-occupied property. Such investment property is recognised and measured in financial statements at cost model, the same as mentioned in Property, Plant and Equipment.

(8) Income arising from such Investment property is appropriately recognised in the books of account.

F. Inventories:

(1) Inventories have been valued on the following basis:

<table>
<thead>
<tr>
<th>Class of Inventory</th>
<th>Basis of Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Materials (including components)</td>
<td></td>
</tr>
<tr>
<td>Work –in-progress</td>
<td></td>
</tr>
<tr>
<td>Finished Goods (Including by-products)</td>
<td></td>
</tr>
<tr>
<td>Stock-in-trade (in respect of goods acquired for trading)</td>
<td></td>
</tr>
<tr>
<td>Loose Tools</td>
<td></td>
</tr>
</tbody>
</table>
(In describing the basis/bases of valuation, the method of ascertaining the cost (e.g. FIFO, Average Cost) should also be stated. Similarly, the extent to which overheads have been included in the cost should also be stated.

(2) The basis of valuation is/are the same as that /those used in the previous year, except as set out below:

<table>
<thead>
<tr>
<th>Class of Inventory</th>
<th>Basis of Valuation</th>
<th>Effect of Change in Basis of Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This Year</td>
<td>Last Year</td>
</tr>
</tbody>
</table>

(3) All goods included in the inventory are the property of the entity, none of the goods are held as consignee for others or as bailee, and except as set out in the Financial Statements, none of the goods are subject to any charge or reservation of title.

(4) In valuing inventory, due consideration has been given to the saleability of the stock. In accordance with the procedure, obsolete inventory is identified and segregated from live inventory from time to time and written off in books of accounts. Inventory includes items of stores & spares, which have not moved for 3 years. Necessary provision has been made in the Accounts for such items as per policy. Provision for non-moving inventories consisting of raw materials, finished goods and semi-finished goods have been made in the accounts.

(5) The following provisions have been made in respect of excess, slow-moving, damaged, or obsolete inventories and the same, in our view, is adequate.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Item</th>
<th>Qty</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(6) Inventories recorded in the books as at March 31, 2020 aggregating to `____ are based upon the physical inventories taken as at March 31, 2020 by actual count, weight or measurement. The material discrepancies noticed on physical verification of stocks as compared to book records have been properly dealt with in the books of account and subsequent transactions recorded in the accounts fairly reflect the changes in the inventories up to March 31, 2020.

(7) Inventories appearing in the accounts are owned by the Entity and do not include goods sold to customers for which delivery is yet to be made.

(8) We confirm:
   a) the completeness of information provided regarding the inventory; and
   b) adherence to laid down procedures for physical inventory count.

(9) The Entity has maintained adequate records for the inventories lying with third parties. Further, we have obtained confirmation for the stock lying with such parties.

G. Balances with Bank:
(1) The following items are appearing in the books as at 31st March:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Balance as on 31st March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances with bank in current account</td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td></td>
</tr>
<tr>
<td>Bank Deposits</td>
<td></td>
</tr>
</tbody>
</table>

(2) We confirm that all bank balances which are shown above have been reconciled and balance-confirmation is obtained from each bank. No material discrepancies have been observed on such reconciliation and there are no major outstanding cheques.

(3) All Bank Accounts as appearing in the Balance Sheet as at March 31, 2020 are held in the Entity's name. All cash balances are held in the custody of the Entity's officials authorized in this behalf.

(4) We have recorded or disclosed, as appropriate, all earmarked balances with banks, balances with banks to the extent held as margin money or security against the borrowings, guarantees and other commitments and bank deposits with a maturity period of more than 12 months.

(5) The Bank deposits are in the name of the Entity and are physically verified by the management. No material discrepancies have been observed on such verification. All the above deposits are free from any lien except the following:
  - Deposit held as Margin money for bank guarantee & LC

H. Cash Balance

(1) In financial statements, cash balance as on March 31, 2020 was `______ and physically verified and certified as per the internal policy.

I. Sundry Debtors, Loans and Advances:

(1) Trade Receivables, Loans and Advances (including other current assets) as appearing in the books of accounts as at March 31, 2020 are good and recoverable except where provision for doubtful debt/advances are made.

(2) The ageing of Trade Receivables has been correctly done as disclosed in Note ____. Moreover, the balances of loans and advances as on March 31, 2020, have been correctly segregated between secured and unsecured and between good and doubtful balances.

(3) Debtors’ confirmation has been sought from parties. Wherever such letter of confirmation has been received, and discrepancy, if any, noticed, the same is reconciled is properly dealt with the parties. Balance confirmation in respect of some of the debtors is awaited. However, the Entity does not envisage any material impact on current year’s results on finalization.

(4) In our opinion, other current assets have a value on realization in the ordinary course of the entity’s business which is at least equal to the amount at which they are stated in the balance sheet.
(5) The employees to whom the loans and advances in the nature of loans are given are the principal as stipulated and the entity is taking reasonable steps for recovery of the same.

(6) Advance Tax paid includes amount of Tax deducted at source for which necessary certificates are yet to be received/ 26AS yet to be updated. We are in the process of collecting these certificates/ensuring 26AS is updated and the entire amount is considered good and recoverable.

(7) All foreign currency assets and liabilities as on the date of balance sheet have been restated at the average of TT buying and selling rates of SBI as on ________.

(8) The following items appearing in the books as at 31st March, __________ are considered good and fully recoverable with the exception of those specifically shown as doubtful” in the Balance Sheet.

| Sundry Debtors | ________________ |
| Loans and Advances | ________________ |

J. Creditors:

(1) The Entity has a policy of seeking confirmations from its creditors in the month of December/March every year. Wherever such letter of confirmation is received, it is reconciled with book balance and discrepancy, if any, is properly resolved by engaging the creditors concerned in the process of proper addressal of the discrepancy/discrepancies. Upon resolution of discrepancy/discrepancies, the necessary adjustments are carried out in the books, if required. The Balance confirmations in respect of some of the creditors are awaited. However, the entity does not envisage any material impact on current year's financial results on reconciliation/settlement of dues with such parties.

(2) Further, the details from the vendors have been sought as to whether they are covered under MSMED Act 2006 (as amended from time to time) or not. Based on information obtained, we confirm that payments to such parties have generally been made within the time frame stipulated under the said Act. There may be few instances where payments are overdue or were made after the due date. In such cases, the interest for delayed period has been provided/paid, as the case may be, at the stipulated rate under the MSMED Act and has been appropriately disclosed in the Financial Statements. (Refer Note No.________ to the Financial Statements).

K. Liabilities:

(1) We have recorded all known liabilities in the financial statements.

(2) The Entity has not defaulted in repayment of loans/borrowings to financial institutions, Banks or government.

(3) There are no uncontested demands for Provident Fund / ESI wealth tax and other statutory dues from the respective authorities which remain to be paid and/or provided.
(4) We have disclosed in notes to the financial statements, all guarantees that we have given to third parties and all other contingent liabilities.

(5) Contingent liabilities disclosed in the notes to the financial statements do not include any contingencies which are likely to result in a loss and which, therefore, require adjustment of assets or liabilities.

L. Provisions for Claims and Losses:

(1) Provision has been made in the accounts for all known losses and claims of material amounts.

(2) There have been no events subsequent to the balance sheet date which require adjustment of or disclosure in, the financial statements or notes thereto.

(3) There are no uncontested demands for Provident Fund / ESI Wealth tax and other statutory dues from the respective authorities which remain to be paid and/or provided.

(4) During the year, Provident Fund dues have been regularly deposited with the appropriate authorities. The Employees State Insurance Scheme is not applicable to the entity.

(5) All contested legal dues to the extent not provided in the books are shown under contingent liabilities.

(6) To the best of our knowledge and belief, contingent liabilities disclosed in the notes to the financial statements do not include any contingencies which are obligations resulting in a loss and therefore, require adjustment of assets or liabilities.

(7) The Entity has analyzed the cases pending against it into probable, possible and remote category and provision has been made for the cases falling under probable category. In respect of the other categories the same have been included in the Contingent Liabilities.

(8) The Entity's pending litigations comprise of claims against the Entity and proceedings pending with Tax/ Statutory/Government Authorities. The Entity has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable in its Financial Statements.

(9) The Entity did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(10) To the best of our knowledge and information, we have disclosed in the notes to the financial statements all guarantees given to third parties and all other contingent liabilities.

M. Profit and Loss Account:
(1) Except as disclosed in the financial statements, the results for the year were not materially affected by:
   a) Transactions of a nature not usually undertaken by the firm/concern;
   b) Circumstances of an exceptional or non-recurring nature;
   c) Charges or credit relating to prior years
   d) Changes in accounting policies.

N. General:

(1) The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements;

   (a) Losses arising from sale and purchase commitments.
   (b) Agreements and options to buy back assets previously sold.
   (c) Assets pledged as collateral.

(2) There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems which could have a material effect on the financial statements.

(3) The financial statements are free of material misstatements, including omissions.

(4) The entity has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

(5) We have made available to you all books of account and supporting documentation and all minutes of meetings of shareholders and the board of directors.

(6) We confirm the completeness of the information provided regarding the identification of related parties and transactions with related parties.

(7) No other claims in connection with litigation have been or are expected to be received.

Fraud

b) We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud and error.

c) We hereby declare that 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.

d) The management is fully apprised of its responsibility for proper disclosure of frauds. All significant facts relating to frauds, if any or suspected frauds known to management have been properly disclosed. No fraud on or by the entity have been noticed or reported during the year.
O. Significant events during the year:
   If there are any such events and if the MRL is to be taken for the same, then shall be added here.

For ABC

Partner/Proprietor
Place:
Date: