

**Independent Auditor's Report on the proposed buyback of equity shares pursuant to the requirements of Schedule I to the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 as amended.**

To,

The Board of Directors

**SIS Limited**

Annapoorna Bhawan, Telephone Exchange Road  
Kurji, Patna, Bihar – 800 010

1. This Report is issued to SIS Limited (hereinafter the “**Company**”) in connection with their proposed buyback of equity shares.
2. The Board of Directors of the Company (hereinafter the “**Board of Directors**”) has prepared the accompanying **Annexure A** - Statement of permissible capital payment as on March 31, 2020 (the “**Statement**”) pursuant to the proposed buyback of equity shares approved by the Board of Directors of the Company in their meeting held on February 15, 2021, in accordance with the provisions of sections 68, 69 and 70 of the Companies Act, 2013, as amended and the rules made thereunder, as amended (together the “**Companies Act**”) and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, as amended (the “**SEBI Buyback Regulations**”). The Statement contains the computation of amount of permissible capital payment towards buyback of equity shares in accordance with the requirements of Section 68(2)(c) read with Regulation 4(i) of the SEBI Buyback Regulations and based on the latest audited standalone and consolidated financial statements for the year ended March 31, 2020. We have initialled the Statement for identification purposes only.

**Board of Directors Responsibility for the Statement**

3. The preparation of the Statement in accordance with the requirements of section 68(2)(c) of the Companies Act and ensuring compliance with the SEBI Buyback Regulations, is the responsibility of the Board of Directors of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Board of Directors is also responsible to make a full inquiry into the affairs and prospects of the Company and to form an opinion on reasonable grounds that the Company will be able to pay its debts from the date of Board meeting approving the buyback of its equity shares i.e., February 15, 2021 (hereinafter referred as the “**date of the Board meeting**”) and will not be rendered insolvent within a period of one year from the date of the Board meeting, and in forming the opinion, it has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Companies Act or the Insolvency and Bankruptcy Code, 2016.



## Auditor's Responsibility

5. Pursuant to the requirements of the SEBI Buyback Regulations, it is our responsibility to provide reasonable assurance on:
  - 5.1. Whether we have inquired into the state of affairs of the Company;
  - 5.2. Whether the amount of capital payment for the buyback, as stated in the Statement, is within the permissible limit and computed in accordance with the provisions of Section 68(2)(c) read with Regulation 4(i) of the SEBI Buyback Regulations;
  - 5.3. whether the Board of Directors of the Company, in its meeting held on February 15, 2021, has formed the opinion as specified in clause (x) of Schedule I to the SEBI Buyback Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the Board meeting.
6. The audited standalone and consolidated financial statements as of and for the financial year ended March 31, 2020 were audited by us, on which we issued an unmodified audit opinion vide our report dated April 30, 2020. Our audit of these financial statements was conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Such audit was not planned and performed in connection with any transactions to identify matters that maybe of potential interest to third parties.
7. The unaudited standalone and consolidated financial information, referred to in paragraph 10.2 below, have been reviewed by us, on which we have issued unmodified conclusion vide our review report dated February 03, 2021. Our review of these financial information was conducted in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by ICAI. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information is free of material misstatement. A review is limited primarily to inquiries of the company personnel and analytical procedures applied to the financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
8. We conducted our examination of the Statement in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' ("**Guidance Note**"), issued by ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.
10. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the matters as mentioned in this paragraph below. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the matters mentioned in this paragraph 10 below. We have performed the following procedures in relation to the matters mentioned in this paragraph 10 below:
  - 10.1. Inquired into the state of affairs of the Company in relation to the audited standalone and consolidated financial statements for the year ended March 31, 2020;





- 10.2. Performed inquiry with the management in relation to the unaudited financial results for the nine months' period April 1, 2020 to December 31, 2020;
- 10.3. Examined authorisation for buyback from the Articles of Association of the Company, approved by Board of Directors in its meeting held on February 15, 2021;
- 10.4. Agreed the amounts of paid-up equity share capital, securities premium account, general reserve and retained earnings as at March 31, 2020 as disclosed in the accompanying Statement, with the audited standalone and consolidated financial statements of the Company for the year ended March 31, 2020;
- 10.5. Examined that the ratio of the aggregate of secured and unsecured debts owed by the Company after the Buyback shall not be more than twice its paid-up capital and free reserves based on both, audited standalone and consolidated financial statements of the Company as on March 31, 2020;
- 10.6. Examined that all the shares for buy-back are fully paid-up;
- 10.7. Examined that the amount of capital payment for the buyback as detailed in the Statement is within the permissible limit computed in accordance with section 68(2)(c) read with Regulation 4(i) of the SEBI Buyback Regulations;
- 10.8. Inquired if the Board of Directors of the Company, in its meeting held on February 15, 2021 has formed the opinion as specified in Clause (x) of Schedule I to the SEBI Buyback Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the Board meeting;
- 10.9. Examined Director's declarations in respect of the buyback and solvency of the Company;
- 10.10. Obtained necessary representations from the management of the Company.

#### **Opinion**

11. Based on inquiries conducted and our examination as above, and according to the information and explanations provided to us by the management of the Company we report that:
  - 11.1 We have inquired into the state of affairs of the Company in relation to: (i) its latest standalone and consolidated audited financial statements for the year ended March 31, 2020; and (ii) the statement of unaudited standalone and consolidated financial results for the nine months' period April 1, 2020 to December 31, 2020;
  - 11.2 the permissible capital payment towards buyback of equity shares, as stated in the Statement, is in our view properly determined in accordance with Section 68(2)(c) of the Companies Act read with Regulation 4(i) of the SEBI Buyback Regulations, based on the audited standalone and consolidated financial statements for the year ended March 31, 2020; and
  - 11.3 the Board of Directors, in their meeting held on February 15, 2021 have formed the opinion, as specified in clause (x) of Schedule I of the SEBI Buyback Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of Board meeting and we are not aware of anything to indicate that the opinion expressed by the directors in the declaration as to any of the matters mentioned in the declaration of insolvency is unreasonable in the circumstances as of the date of declaration.

#### **Restriction on Use**



12. This report is addressed to and provided to the Board of Directors of the Company solely for the purpose of enabling it to comply with the aforesaid requirements and for onward submission to ICICI Securities Limited, (hereinafter referred to as the "Manager to the Buyback") and to include this report, pursuant to the requirements of the SEBI Buyback Regulations, (i) in the explanatory statement to be included in the postal ballot notice to be circulated to the shareholders of the Company, (ii) public announcement to be made to the shareholders of the Company, (iii) in the draft letter of offer and the letter of offer and other documents pertaining to the Buyback to be filed with the Registrar of Companies, Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited, as required by the SEBI Buyback Regulations, the Central Depository Services (India) Limited, National Securities Depository Limited, as applicable, and for providing to the Manager to the Buyback. Accordingly, this report may not be suitable for any other purpose, and therefore, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent.
13. This report can be relied on by the Manager to the Buyback and the legal counsel in relation to the Buyback.

For Saxena & Saxena  
Chartered Accountants

Firm Registration No: 0061031N



**CA. Dilip Kumar**

Partner

Membership No.: 082118

UDIN: 21082118AAAAFK9885

Place: New Delhi

Date: February 15, 2021

## ANNEXURE A - STATEMENT OF PERMISSIBLE CAPITAL PAYMENT

Computation of amount of permissible capital payment towards buyback of equity shares in accordance with the requirements of Section 68(2)(c) of the Companies Act, 2013, as amended (the "Companies Act") and Regulation 4(i) of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, as amended ("SEBI Buyback Regulations"), based on audited standalone and consolidated financial statements as at March 31, 2020.

(Amount in ₹ [Lakhs])

Particulars as on 31 March 2020	consolidated	Standalone
<b>A. Paid-up Equity Share Capital (X)</b> (146,637,974 equity shares of ₹ 5/- each fully paid up)	7,331.9	7,331.9
<b>B. Free Reserves</b>		
Security premium	35,113.0	38,986.3
Surplus in statements of profit and loss	91,373.4	22,555.8
General reserve	1,859.9	1,889.9
<b>Total Free Reserves</b>	<b>128,346.3</b>	<b>63,432</b>
<b>Total of Paid up Equity Share Capital and Free Reserves (A+B)</b>	<b>135,678.2</b>	<b>70,763.9</b>
<b>Maximum amount permissible for buyback under Section 68(2)(c) of the Act and Regulation 4(i) of the SEBI Buyback Regulations (25% of the total paid-up equity capital and free reserves)</b>	<b>33,919.6</b>	<b>17,691.0</b>

*Free reserves as defined in Section 2(43) of the Companies Act, 2013 read along with Explanation II provided in Section 68 of the Companies Act, 2013, as amended.*

*Note: The above calculation of the total paid-up equity share capital and free reserves as at March 31, 2020 for buyback of equity shares is based on the amounts appearing in the audited standalone and consolidated financial statements of the Company for the year ended March 31, 2020. These financial statements are prepared and presented in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Rules made thereunder, each as amended from time to time.*

For and on behalf of SIS Limited

  
Devesh Desai

Chief Financial Officer

Date: February 15, 2021

