

The Board of Directors

Industrial And Prudential Investment Company Limited
Paharpur House,
8/1/B, Diamond Harbour Road,
Kolkata 700 027, India.

Report on Buy Back of Equity Shares pursuant to the requirements of the Companies Act, 2013 (as amended) (the "Act") and Clause (xi), Schedule I to the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (as amended) (the "SEBI Buyback Regulations")**Introduction:**

1. This report is issued in accordance with the terms of our engagement letter dated October 15, 2020.
2. We have been engaged by Industrial And Prudential Investment Company Limited (the "Company") to perform a reasonable assurance engagement on determination of the amount of permissible capital payment in connection with the proposed buy back by the Company of its equity shares in pursuance of the provisions of Section 68 and 70 of the Act and the SEBI Buyback Regulations.
3. The management of the Company has prepared the accompanying **Annexure A - Statement of permissible capital payment as on 31 March 2020** (the Statement) pursuant to the proposed buy-back of equity shares approved by the board of directors of the Company ("Board of Directors") in their meeting held on November 12, 2020 in accordance with the provisions of sections 68, 69 and 70 of the Act and the SEBI Buyback Regulations. The Statement contains the computation of amount of permissible capital payment towards buy-back of equity shares in accordance with the requirements of section 68(2) of the Act, Regulation 4(i) of the SEBI Buyback Regulations and based on the latest audited standalone and consolidated financial statements for the year ended 31 March 2020. We have initialled the Statement for the identification purposes only.

Management's Responsibility:

4. The preparation of the Statement in accordance with Section 68 (2) of the Act and in compliance of the SEBI Buyback Regulations, is the responsibility of the Management of the Company, including the computation of the amount of permissible capital payment, the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of the 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.
5. 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 and will not be rendered insolvent within a period of one year from the date of the Board meeting at which the proposal for buyback was approved by the Board of Directors of the Company 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 Act or the Insolvency and Bankruptcy Code 2016. Further, a declaration is required to be signed by at least two directors of the Company in this respect in accordance with the requirements of the section 68 (6) of the Act and the SEBI Buy-back Regulations.

Auditor's Responsibility:

6. Pursuant to the requirement of the SEBI Buyback Regulations, it is our responsibility to provide reasonable assurance that:



- i) the amount of capital payment for the buy back, as stated in **Annexure A** has been determined considering the Audited Financial Statements for the year ended March 31, 2020, and is within the permissible limit computed in accordance with the provisions of Section 68 of the Act and Regulation 4(i) of the SEBI Buyback Regulations;
 - ii) the Board of Directors in their meeting held on November 12, 2020 have formed their opinion, as specified in Clause (x) of Schedule I of the SEBI Buyback Regulations, on reasonable grounds that the Company having regard to its state of affairs will not be rendered insolvent within a period of one year from the aforesaid date.
7. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence so as to reduce the engagement risk to an acceptably low level for arriving at positive form of expression of conclusion on the matters mentioned in paragraph 6 above. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated with the assignment. Within the scope of our work, we performed the following procedures:
- i) Examined authorisation for buy back from the Articles of Association of the Company;
 - ii) Examined that the amount of capital payment for the buy-back is within the permissible limit computed in accordance with the provisions of Section 68 of the Act;
 - iii) Examined that the ratio of the secured and unsecured debt owed by the Company is not more than twice the paid-up capital and its free reserves after such buy-back;
 - iv) Examined that all the shares for buy-back are fully paid-up;
 - v) Inquired into the state of affairs of the Company in relation to the audited standalone and consolidated financial statements for the year ended 31 March 2020;
 - vi) Agreed the balance of the Statement of Profit and Loss and General Reserve as at 31 March 2020 as disclosed in the Statement with the audited financial statements;
 - vii) Examined that the amount of capital payment for the buy-back as detailed in the Statement is within the permissible limit computed in accordance with section 68(2) of the Act and Regulation 4(i) of the SEBI Buyback Regulations
 - viii) Examined resolutions passed in the meetings of the Board of Directors. We have not carried out any procedures as regards to the projections approved by the Board of Directors and accordingly do not certify the same;
 - ix) Inquired if the Board of Directors of the Company, in its meeting held on November 12, 2020 has formed the opinion as specified in Clause (x) of Schedule I to the SEBI Buy-back 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 aforesaid date of the board meeting and the date on which the results of the shareholders' resolution with regard to the proposed buy-back will be declared;
 - x) Verified the arithmetical accuracy of the Statement;
 - xi) Examined minutes of the meetings of the Board of Directors;
 - xii) Obtained Directors' declarations for the purpose of buy-back and solvency of the Company; and
 - xiii) Obtained appropriate representations from the management of the Company.
8. The audited financial statements, referred to in paragraph 6 and 7 above, have been audited by us, on which we have issued unmodified audit opinion vide our report dated June 26, 2020. Our audit of these financial statements was conducted in accordance with the Standards on Auditing specified under Section 143(10) of the 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.
9. We, having regard to paragraph 7 above, have conducted examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes, issued by the Institute of the Chartered Accountants of India (the ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
10. 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.



Conclusion:

11. Based on our examination as stated above and the representation, information and explanations given to us, we report that:
- the amount of the permissible capital payment towards the proposed buy-back of equity shares as computed in the accompanying Statement, has been determined in accordance with the requirements of section 68(2) of the Act and Regulation 4(i) of the SEBI Buy-back Regulations based on the audited financial statements for the year ended 31 March 2020;
 - the Board of Directors, in their meeting held on November 12, 2020, have formed the opinion, as specified in clause (x) of Schedule I of the SEBI Buyback Regulations, on reasonable grounds that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the aforesaid date of the meeting of the Board of Directors; 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 therein is unreasonable in the circumstances as at the date of declaration.

Restriction on use:

- Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the provisions of section 68 and other applicable provisions of the Act read with rule 17 of the Companies (Share Capital and Debentures) Rules, 2014 (as amended) and the SEBI Buyback Regulations, pursuant to the proposed buyback of equity shares. Our obligations in respect of this report are entirely separate, and our responsibility and liability is in no way changed by, any other role we may have as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.
- 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 to include this report, pursuant to the requirements of the SEBI Buy-back Regulations, (a) public announcement to be made to the shareholders of the Company, (b) in the draft letter of offer and the letter of offer 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 (c) 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. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Lodha & Co.**

Chartered Accountants

Firm's Registration Number: 301051E

R.P. Singh

R. P. Singh

Partner

Membership Number: 052438

Place: Kolkata

Dated: November 12, 2020

UDIN:20052438AAAADO6404



Annexure A- Statement of permissible capital payment

Computation of amount of permissible capital payment for the buy-back of equity shares in accordance with Section 68 (2) of the Companies Act, 2013 and Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 based on audited standalone and consolidated financial statements as at and for the year ended 31st March, 2020:

Particulars	Standalone		Consolidated	
	Amount (Rs in Lakh)	Amount (Rs in Lakh)	Amount (Rs in Lakh)	Amount (Rs in Lakh)
A.		1,74.53		
i) Paid up equity share capital as on 31st March, 2020 (1745340 equity shares of face value Rs.10 each) #				1,74.53
Total (A)		1,74.53		1,74.53
Free Reserves as defined under section 2(43) of the Companies Act, 2013 read with Section 68 of the Companies Act, 2013 as on 31st March, 2020:				
General Reserve	5,27.64		6,48.94	
Surplus in Statement of Profit and Loss	26,34.50		159,48.27	
Total Free Reserves (B) (*)		31,62.14		165,97.21
Total (A+B)		33,36.67		167,71.74
Maximum Buyback				
Permissible capital payment towards buy back of equity shares in accordance with Section 68(2) of the Act and Regulation 5(i)(b) of the SEBI Buyback Regulations (10% of the paid-up equity capital and free reserves)		3,33.67		16,77.17
Permissible capital payment towards buy back of equity shares in accordance with Section 68(2) of the Act and Regulation 4 & 5 of the SEBI Buyback Regulations (25% of the paid-up equity capital and free reserves)		8,34.17		41,92.94
Maximum permissible capital payment towards the buyback of equity shares, lowest of permissible capital based on standalone and consolidated financials.		8,34.17		
Amount approved by Board Resolution dated November 12,2020 subject to shareholders approval		8,34.00		



Equity Share Capital Rs. 1,74.53 lakhs consist of 17,45,340 shares of fully paid equity shares of Rs 10 each. Board of Directors at their meeting held on November 12, 2020 approved the cancellation of forfeited shares amounting to Rs. 3,322.00 and equivalent amount will therefore be credited to capital reserve subject to shareholders approval.

(*) Free Reserves (as per Section 2(43) of the Companies Act, 2013) has been computed after adjusting therefrom change in carrying amount of Investments in Mutual Funds, Preference Shares and Debentures on account of fair valuation as on March 31, 2020, as recognised and included in Surplus in Statement of Profit and Loss i.e. retained earnings.

For Industrial And Prudential Investment Company Limited



Arun Singhania
Chief Financial Officer

Place : Kolkata

Date : November 12, 2020

