

INDEPENDENT AUDITOR'S REPORT

To the Members of
INDIAN COUNCIL OF CERAMIC TILES & SANITARYWARE

Report on the Audit of the Financial Statements**Opinion**

We have audited the accompanying Financial Statements of **INDIAN COUNCIL OF CERAMIC TILES & SANITARYWARE** (hereinafter referred to as the **Council**), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Income and Expenditure for the year ended on that date, Notes to the Financial Statements and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Council as at 31st March, 2023 and of the excess of Expenditure over Income of the Council for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* para of our Report. We are independent of the Council in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

Information Other than the Financial Statements and Auditor's Report thereon

The Board of Directors of the Council is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Financial Statements and our Audit Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board of Directors of the Council is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these Financial Statements that give a true and fair view of the financial position and financial performance of the Council in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Council and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent and designing, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of 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.

In preparing the Financial Statements, the management is responsible for assessing the ability of the Council to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the financial reporting process of the Council.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Audit Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also;

- a. identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- b. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Pursuant to Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Council has adequate internal financial controls system in place and the operating effectiveness of such controls;
- c. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d. conclude on the appropriateness of use of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Council to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Audit Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Audit Report. However, future events or conditions may cause the Council to cease to continue as a going concern; and
- e. evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in;

- i. planning the scope of our audit work and in evaluating the results of our work; and
- ii. to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Audit Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, provisions of the Companies (Auditors' Report) Order, 2020 issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 are not applicable as the Council is covered under Clause 2(iii) of Para 1 of the said Order.

As required by Section 143(3) of the Companies Act, 2013 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 accounts as required by law have been kept by the Council so far as it appears from our examination of those books;
- c. the Balance Sheet and the Statement of Income and Expenditure dealt with by this Report are in agreement with the books of accounts;

- d. in our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. on the basis of written representations received from Directors and taken on record by the Board of Directors, none of the Directors of the Council, is disqualified as on 31st March, 2023, from being appointed as a Director in terms of Section 164(2) of the Companies Act, 2013;
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Council with reference to these Financial Statements and the operating effectiveness of such controls, refer our separate report in 'Annexure-I'; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of information and according to the explanations given to us:
1. there are no pending litigations which would have any significant impact on the financial position in the aforesaid Financial Statements of the Council;
 2. the Council did not have any long term contracts including derivative contracts for which there were any material foreseeable losses during the year ended 31st March, 2023; and
 3. there were no amounts required to be transferred to the Investor Education and Protection Fund by the Council during the year ended 31st March, 2023.
 4. (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Council to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Council ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
(ii) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Council from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Council shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
(iii) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement; and
 5. the Council is registered under Section 8 of the Companies Act, 2013, hence declaration and distribution of dividend is not applicable.

for J S JOHAR and ASSOCIATES
Chartered Accountants
Registration No 007328N

C-2, Basement,
Lajpat Nagar-III,
New Delhi-110024

The day of , 2023
UDIN:

JATINDER GROVER
Partner
M No 095644

ANNEXURE-I TO THE AUDITORS' REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER SECTION 143(3)(i) OF THE COMPANIES ACT, 2013

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date on the Financial Statements of **INDIAN COUNCIL OF CERAMIC TILES & SANITARYWARE** as at and for the year ended 31st March, 2023)

Report on the Financial Statements

1. We have audited the Internal Financial Controls over financial reporting of **INDIAN COUNCIL OF CERAMIC TILES & SANITARYWARE** (the Council) as at 31st March 2023, in conjunction with our audit of the Financial Statements of the Council for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Management of the Council is responsible for establishing and maintaining internal financial controls based on the Internal Financial Controls over financial reporting criteria established by the Council considering the essential components of internal financial controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Council's activities, including adherence to Council's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Council's Internal Financial Controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards of Auditing ('Standards') issued by the ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls over financial reporting and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls System over financial reporting and their operating effectiveness. Our audit of Internal Financial Controls over financial reporting included obtaining an understanding of Internal Financial Controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Council's Internal Financial Controls System over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. Internal Financial Controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles. Internal Financial Controls over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Council; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Council are being made only in accordance with authorisations of management and directors of the Council and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Council's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of Internal Financial Controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls over financial reporting to future periods are subject to the risk that the Internal Financial Controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Council has, in all material respects, an adequate Internal Financial Controls System over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at 31st March, 2023, based on the Internal Controls over financial reporting criteria established by the Council considering the essential components of Internal Financial Controls stated in the Guidance Note issued by the ICAI.

for **J S JOHAR and ASSOCIATES**
Chartered Accountants
Registration No 007328N

C-2, Basement,
Lajpat Nagar-III,
New Delhi-110024

The day of , 2023

UDIN:

JATINDER GROVER
Partner
M No 095644