



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KHANDWALA SECURITIES LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of **Khandwala Securities Limited** ("the company"), which comprise the Balance sheet at 31st March 2019, the statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standard) Rules, 2015 (as amended) under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and the rules made there under.



5. We conducted our audit of the standalone Ind AS financial statements 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. Those standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Basis for Qualified Opinion

We draw your kind attention to the following qualifications to the audit opinion of the financial statements produced as under:-

8. *The Company had advanced application money towards purchase of shares of Rs 216.69 lakhs which is outstanding for a period of 204 months as at the end of the year. In the absence of information regarding the status of the allotment or the net worth of the entities in which the company made applications, we are unable to ascertain the extent to which an amount of Rs 216.69 lakhs is recoverable and accordingly, the effect thereof on the financial statements cannot be ascertained.*
9. *Long - Term deposits to various companies of Rs 530.00 lakhs are subject to subsequent adjustments. We are unable to ascertain the recoverability of these amounts, as the Company has not made provision for the same in the standalone financial statements.*

Auditor's Opinion

In our opinion the recoverability of these loans and advances are doubtful. The company should have made provision for these doubtful advances but they have not made any such provisions in its standalone financial statements.



Qualified Opinion

10. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and *except for the matters described in point no 8 & 9 above in the basis for qualified opinion paragraph*, give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its total comprehensive income (comprising of profit/loss and other comprehensive income), its cash flow and changes in equity for the year ended on that date.

Report on Other Legal & regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure B statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143(3) of the Act, 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 account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors of the company, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.



- ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The reporting on disclosures relating to specified bank notes is not applicable to the Company for the year ended March 31, 2019

**For Aniket Kulkarni & Associates
Chartered Accountants
FRN No – 130521W**

Aniket Kulkarni



**Aniket Kulkarni
Proprietor
Membership No – 127246**

**Date: 25th May 2019
Place: Mumbai**

"Annexure-A" to the Independent Auditors' Report – 31st March 2019

Report on the Internal Financial Controls under clause (i) of sub – section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal Financial Control over financial reporting of **Khandwala Securities Limited** ("the Company") as of 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of assets, the prevention and detection of fraud 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on auditing, issued by 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 and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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 includes obtaining 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 judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting



A Company's Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of the assets of the company;
- (2) 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 company are being made in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of internal Financial Controls over Financial Reporting

Because of inherent limitations of internal 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 to 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 control 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

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by Institute of Chartered Accounts of India.

For Aniket Kulkarni & Associates
Chartered Accountants
ICAI Registration No. 130521W

Aniket Kulkarni

Aniket Kulkarni
Proprietor
Membership No: - 127246
Place: Mumbai
Date: 25th May 2019



With reference to the "Annexure-B" referred to in the Independent Auditors' Report to the Members of **Khandwala Securities Limited** ('the Company') on the financial statements for the year ended **31st March 2019**, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Hence reporting under clause 3(iii) of the Order is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the company has neither granted any loans to directors, etc. nor made loan and investment under section 185 and 186 of the Companies Act respectively. Hence, reporting under clause 3(iv) of the Order is not applicable to the company.
- (v) According to the information and explanations given to us, during the FY 2018-19 the Company has not accepted deposits from the public during the year. Therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub-section (l) of section 148 of the Act, for any of the goods manufactured or services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-tax, service tax, cess, Provident Fund and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. *However there have been few cases of delays in payment of Income Tax and Service Tax.*



According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, service tax, goods and service tax, cess and other material statutory dues were in arrears as at **31 March 2019** for a period of more than six months from the date they became payable *except TDS Defaults showing on TDS Traces website amounting to Rs. 33,196/- as on 31st March 2019.*

(b) According to the information and explanation given to us, there are no material dues of income tax or service tax or GST which have not been deposited with appropriate authorities on account of any dispute except reported as below.

Details of dues of statutory taxes which not been deposited as at March 31, 2019 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where Dispute is pending	Under Section
Income Tax Act 1961	Income Tax	31.88	A.Y. 2006-07	ITAT	271(1)(C)
		4.96	A.Y. 2007-08	ITAT	143(3)

- (viii) According to the information and explanations given to us, and based on the verification of records of company examined by us, the company has not default in repayment of loan or borrowing's to financial institution & bank.
- (ix) According to the information and explanations provided to us and as per the records of the company examined by us, company has not raised funds by way of public issue/ follow-on offer (including debt instruments) and term loans. Therefore paragraph 3(ix) of the Order is not applicable to the company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.



- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made preferential allotment of Equity Share / private placement of shares or fully or partly convertible debenture. Therefore paragraph 3(xiv) not applicable to the company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with director or person connected with them.
- (xvi) In our opinion and according to information and explanation provide to us, Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Therefore paragraph 3(xvi) of the Order is not applicable to the company

For Aniket Kulkarni & Associates
Chartered Accountants
Firm Registration No: 130521W

Aniket Kulkarni

Aniket Kulkarni
Director
Membership No: - 127246



Place: Mumbai
Date: 25th May 2019



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KHANDWALA SECURITIES LIMITED

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated financial statements of Khandwala Securities Limited ("the company"), which comprise the consolidated Balance sheet at 31st March, 2019, the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year ended March 31, 2019 and a summary of significant accounting policies and other explanatory information prepared based on relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view with respect to the preparation of these Consolidated financial statements, consolidated financial position, consolidated financial performance (including other comprehensive income) and changes in equity of the group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standard) Rules, 2015 (as amended) under section 133 of the Act. The Company's Board of Director's is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of the consolidated Ind AS financial statements. The respective Board of Director's of the company's included in the group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate 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, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.



Auditors' Responsibility

3. Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report.
4. We conducted our audit of the Consolidated Ind AS financial statements 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. Those standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements is free from material misstatement.
5. An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, [but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control]. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

Basis for Qualified Opinion

We draw your kind attention to the following qualifications to the audit opinion of the financial statements of Khandwala Securities Limited is hereby produced as under:-

7. *The Company had advanced application money towards purchase of shares of Rs 216.69 lakhs which is outstanding for a period of 204 months as at the end of the year. In the absence of information regarding the status of the allotment or the net worth of the entities in which the company made applications, we are unable to ascertain the extent to which an amount of Rs 216.69 lakhs is recoverable and accordingly, the effect thereof on the financial statements cannot be ascertained.*



8. Long - Term deposits to various companies of Rs 530.00 lakhs are subject to subsequent adjustments. We are unable to ascertain the recoverability of these amounts, as the Company has not made provision for the same in the consolidated financial statements.

Auditor's Opinion

In our opinion the recoverability of these loans and advances are doubtful. The company should have made provision for these doubtful advances but they have not made any such provisions in its standalone and consolidated financial statements.

Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and except for the matters described in point no 7 & 8 above in the basis for qualified opinion paragraph, give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2019, and their consolidated total comprehensive income (comprising of consolidated profit/loss and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Report on Other Legal & regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure B statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, 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 of the aforesaid consolidated Ind AS financial statements.
- b) In our opinion, proper books of account as required by law have been kept by the Company, its associates included in the Group, incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and record of the company and the reports of the auditor's.
- c) The Consolidated Balance sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained by the company, its associates included in the group incorporated in India including relevant records relating to preparation of the consolidated Ind AS financial statements.



- d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors of the company, none of the directors of the group Company and its associates incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and its associates incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Consolidated Ind AS financial statements disclose the impact if any of pending litigations as at March 31, 2019 on the consolidated financial position of the Group and its associates to the consolidated Ind AS financial statements.
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The reporting on disclosures relating to specified bank notes is not applicable to the Company for the year ended March 31, 2019

**For Aniket Kulkarni & Associates
Chartered Accountants**

AKulkarni

**Aniket Kulkarni
Proprietor
Membership No – 127246
FRN No – 130521W
Date: 25th May 2019
Place: Mumbai**



“Annexure A” to the Independent Auditor’s report of even date on the Consolidation Financial Statements of Khandwala Securities Limited (hereinafter referred to as “the Holding Company”).
Referred to paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirement of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Khandwala Securities Limited**. (hereinafter referred to as “the Holding Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Director of the Holding Company & its associates, which is company incorporated is responsible for establishing and maintaining internal financial controls based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. 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 its business, including adherence to company’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

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 was established and maintained and if such controls operated effectively in all material respects. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) 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 company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements 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 control 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

In our opinion, the Holding Company & its associates incorporated in India have, 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 March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Aniket Kulkarni & Associates

Chartered Accountants

(Registration No. 130521W)

AKulkarni

Aniket Kulkarni

(Proprietor)

Membership No.127246

Place: Mumbai

Date:- May 25, 2019



With reference to the "Annexure-B" referred to in the Independent Auditors' Report to the Members of Khandwala Securities Limited ('the Company') on the financial statements for the year ended 31st March 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Hence reporting under clause 3(iii) of the Order is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the company has neither granted any loans to directors, etc. nor made loan and investment under section 185 and 186 of the Companies Act respectively. Hence, reporting under clause 3(iv) of the Order is not applicable to the company.
- (v) According to the information and explanations given to us, during the FY 2018-19 the Company has not accepted deposits from the public during the year. Therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub-section (l) of section 148 of the Act, for any of the goods manufactured or services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-tax, service tax, cess, Provident Fund and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. *However there have been few cases of delays in payment of Income Tax and Service Tax.*



According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, service tax, goods and service tax, cess and other material statutory dues were in arrears as at **31 March 2019** for a period of more than six months from the date they became payable *except TDS Defaults showing on TDS Traces website amounting to Rs. 33,196/- as on 31st March 2019.*

(b) According to the information and explanation given to us, there are no material dues of income tax or service tax or GST which have not been deposited with appropriate authorities on account of any dispute except reported as below.

Details of dues of statutory taxes which not been deposited as at March 31, 2019 on account of disputes are given below:

Nature of the Statute	Nature of the Dues	Amount (Rs in lakhs)	Period to which the amount relates	From where Dispute is pending	Under section
Income Tax Act, 1961	Income Tax	31.88	A.Y. 2006-07	ITAT	271(1)(c)
		4.96	A.Y. 2007-08	ITAT	143(3)

- (viii) According to the information and explanations given to us, and based on the verification of records of company examined by us, the company has not default in repayment of loan or borrowing's to financial institution & bank.
- (ix) According to the information and explanations provided to us and as per the records of the company examined by us, company has not raised funds by way of public issue/ follow-on offer (including debt instruments) and term loans. Therefore paragraph 3(ix) of the Order is not applicable to the company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.



- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made preferential allotment of Equity Share / private placement of shares or fully or partly convertible debenture. Therefore paragraph 3(xiv) not applicable to the company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with director or person connected with them.
- (xvi) In our opinion and according to information and explanation provide to us, Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Therefore paragraph 3(xvi) of the Order is not applicable to the company

For Aniket Kulkarni & Associates
Chartered Accountants
Firm Registration No: 130521W

AKulkarni

Aniket Kulkarni
Proprietor
Membership No: - 127246



Place: Mumbai
Date: 25th May 2019