

D T S & Associates

Chartered Accountants

Date: 5th March, 2020

To,
BSE Limited,
Listing department,
14th Floor, P. J. Tower,
Dalal Street, Mumbai - 400 001.
Scrip Code : 533144

012983

To,
National Stock Exchange of India Ltd.,
Listing Department,
Exchange Plaza,
Bandra - Kurla Complex,
Bandra - East, Mumbai - 400 001.
Scrip Code : COX&KINGS

Sub:- Clarification on intimation made by Cox & Kings Limited ('the Company') to the stock exchanges on 2nd March, 2020, with regards to reporting of fraud identified by newly appointed Statutory Auditors and resolution professional.

Dear Sir / Madam

Resolution Professional of the Company on 2nd March, 2020 has intimated the Stock Exchanges (copy enclosed herewith as **Exhibit A**) that the newly appointed statutory auditor has come across the fact that consolidated financial statement of the Companies for FY 18-19 stood incorrect since they were based on allegedly forged financials of Prometheon Enterprise Limited ('PEL' - a material overseas subsidiary of the Company). In this regards, we would like to draw reference to the following statements made by the Resolution Professional of the Company in the said intimation:

1. "...the audited consolidated financial statements of Prometheon Enterprise Limited (a material overseas subsidiary of the company, incorporated in United Kingdom) as used for the purpose of preparation of consolidated Financial Statements of 'M/s Cox & Kings Limited (by erstwhile Statutory Auditors, M/s DTS & Associates LLP.....)'"
2. "... and allegedly forged financial statements were used by the previous Statutory Auditors for the purpose of Consolidated Financial Statements while issuing their Auditors Report dated May 30, 2019 on Consolidated Financials."

The language used in this intimation is creating a confusion as regards the role of our firm as erstwhile statutory auditors. The words used in the communication knowingly or unknowingly portrays that the consolidated financial statements of the Company were prepared by Statutory Auditors, which is untrue.

We would like to clarify that the primary responsibility of preparation of consolidated accounts is that of management by obtaining the copy of audited / management represented accounts of the subsidiary/ies and Associates from the management of the respective subsidiary / associate companies. Our role as a statutory auditor is to consider the audited financials of subsidiaries / associates obtained during the course of audit for the purpose of verifying the consolidated accounts prepared by the management to



Page 1 of 3

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obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. We clarify that, we have not prepared consolidated financial statements of the company as stated in the said intimation.

Further, matter has come to our knowledge on NCLT hearing on 2nd March, 2020 through news article dated 2nd March, 2020, extract of which is reproduced herein below”:-

“Auditor of the U.K. arm declared that the emails relied upon by the erstwhile auditors were not sent from its email IDs. Audited statements of the U.K. subsidiary, which were used for preparing the consolidated financials in India, were not signed by them”

Copy of extract of said news article is enclosed herein as **Exhibit - B**.

With respect to the above fact, we want to clarify that as a statutory auditor we have followed and complied with requirements of Standard on Auditing (SA) 600 - "Using the Work of Another Auditor" for audit of consolidated financial statement. As required by above mentioned Standard, we have issued Group Audit Instruction for FY 17-18 on 6th April, 2018 – 6.36 pm to the Auditor of Prometheon Enterprise Limited (one of material subsidiary) i.e. 'Raffingers LLP' for their response, by marking mail to concerned partners' email ids as available on auditor's website (i.e. adam.moody@raffingers.co.uk & barry.soraff@raffingers.co.uk) and also to email ids provided by the Company's account team (i.e. amoodu@raffingers.net & barry.soraff@raffingers.net) with CC to their audit team (i.e. componentaudit@raffingers.net & hetal.mistry@raffingers.net) in the same mail. The email sent didn't bounced back or remain undelivered. On same day at 6.38 pm we received Auto Reply from one of the partners email Id (i.e. adam.moody@raffingers.co.uk) mentioning that he will be out of office until 13th April, 2018. Post that on 13th April, 2018 we received the email from Mr. Barry (from barry.soraff@raffingers.net) informing that they have noted the instruction and informed us to communicate concerned team member Mr. Hetal Mistry (hetal.mistry@raffingers.net) and their audit team (componentaudit@raffingers.net) for communicating any query that we may have. Subsequently we received the response for certain deliverables of group audit instruction from email id of Componentaudit@raffingers.net with cc to hetal.mistry@raffingers.net and barry.soraff@raffingers.net vide email dated 9th May, 2018 and balance deliverable were received by us vide email dated 24th May, 2018, which includes auditors' report and consolidated financial statement of PEL .

For FY 18-19 we again inquired from the Company whether there is any change in the email id of the auditors of subsidiary companies provided for earlier FY 17-18, so as to communicate the group audit instruction and based on company's account team response we had sent audit instruction to the email Id provided by the Company's account team i.e. adam.moody@raffingers.net and we received the response including auditors' report from Componentaudit@raffingers.net with marking cc to

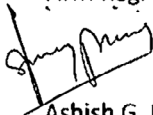


hetal.mistry@raffingers.net and Adam.moody@raffingers.net. In all the above referred emails the official of the Company / Subsidiary company were also marked.

Raffingers LLP was the auditor of the Prometheon Enterprise Limited since the date of incorporation of that company. Our initial email communicating the request for group audit instruction of PEL has been sent to all email ids of Raffingers LLP (including email ids available on their website). No communication has been received by us from any of the partners of the Raffingers LLP marked in the same mail regarding non-existence of such other Email ids which is provided by the Company to us and through which we received response to group audit instruction and the financial statement of subsidiary. Also CFO and none of the Company's employee marked in these emails referred above have raised any concerns on the authenticity / correctness of email ids of Raffingers LLP, from which we received response to Group Audit Instruction and financial statements.

Hence there was no reason for us to believe at any point of time that the response to group audit instruction and financials sent were not from the Raffingers LLP.

For **D T S & Associates LLP**
Chartered Accountants
Firm Reg. No.: 142412W / W100595



Ashish G. Mistry
Partner
Memb. No. 132639



Cc –

<p>Ashutosh Agarwala As Resolution Professional of Cox & Kings Limited Duff & Phelps India Private Limited, Raheja Tower, 14th Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.</p>	<p>Statutory Auditor of the Company Mr. Naman Pipara (Partner) M/s. Pipara & Co LLP Chartered Accountants 3, 13th Floor Trade Link, E wing, A Block, Kamal Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.</p>
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Encl: a/a



March 02, 2020

To,
BSE Limited,
Listing Department,
14th Floor, P. J. Tower,
Dalal Street,
Mumbai - 400 001
Scrip Code: 533144

To,
National Stock Exchange of India Limited
Listing Department,
Exchange Plaza,
Bandra - Kurla Complex,
Bandra - East, Mumbai - 400 051
Scrip Code: COX&KINGS

Dear Sir/Madam,

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regards to Reporting of fraud identified by statutory auditor and resolution professional involving an amount more than Rs. 1 Crore.

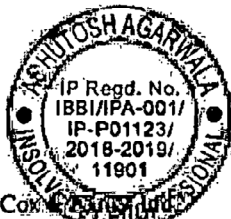
We wish to inform you that the newly appointed Statutory Auditors have come across the fact that the audited consolidated financial statements of Prometheon Enterprise Limited (a material overseas subsidiary of the company, incorporated in the United Kingdom) as used for the purpose of preparation of Consolidated Financial Statements of 'M/s Cox & Kings Limited' for FY 2018-19 (by the erstwhile Statutory Auditor, M/s DTS & Associates LLP), were not signed by the auditor of Prometheon Enterprise Limited i.e. "Raffingers" and allegedly forged financial statements were used by the previous Statutory Auditors for the purpose of Consolidated Financial Statements while issuing their Auditors Report dated May 30, 2019 on Consolidated Financials. The underlying Consolidated Financial Statements, as signed by the Directors, Chief Financial Officer and Company Secretary, stood incorrect since they were based on such allegedly forged subsidiary financials.

We further inform you that as per Section 143(12) of Companies Act, 2013 read with Rule 13 of Companies (Audit and Auditors Rules), 2014; the newly appointed Statutory Auditors, in the course of the performance of his duties as auditor, have a reason to believe that an offence of fraud involving Rs.1 Crore or above (individual amount), is being or has been committed in the Company by its officers or employees and accordingly correspondences to the Ministry of Corporate Affairs is in process.

We shall share an update regarding the same in due course, once certainty over the people involved in such discrepancies are identified.

For, Cox & Kings Limited

Ashutosh Agarwala
As Resolution Professional of Cox & Kings Limited
(IBBI Reg No- IBBI/IPA-001-P01123/2018-2019/11901)



Key Arguments

What Resolution Professional Said

Counsel for the resolution professional sought an urgent stay or status quo order on the sale of hotel assets in the U.K. He argued:

- It was necessary that the tribunal was made aware of the progress in sale of assets by the U.K. subsidiary. There was a difficulty in ascertaining whether the sale proceeds would enure to Cox & Kings.
- Auditor of the U.K. arm declared that the emails relied upon by the erstwhile auditors were not sent from its email IDs. Audited statements of the U.K. subsidiary, which were used for preparing the consolidated financials in India, were not signed by them.
- The resolution professional is not being informed about the progress of sale of assets in the U.K.

Counsel representing the suspended directors informed the tribunal that the resolution professional must expedite the communication with the firm handling the U.K. subsidiary's asset sale to secure the interest of Cox & Kings. And he said the suspended directors too have filed a complaint against the alleged forgery.

The NCLT will hear the matter on Tuesday.

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Exhibit - B