

## **Independent Auditor's Report**

**To the Members of  
NAKODA GROUP OF INDUSTRIES LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **NAKODA GROUP OF INDUSTRIES LIMITED** which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, 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 hereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

### Opinion

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 Act 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 Company as at 31 March 2017, and its Profit & Loss Statement and its Cash Flow for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 B".
- 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 does not have any pending litigations which would impact its financial position.
  - ii. The Company did 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.

Place : Nagpur

Date: 30-06-2017



For Gandhi Rathi & Co.  
Chartered Accountants

A handwritten signature in blue ink, appearing to read "C. N. Rathi".

C. N. Rathi  
(Partner)

M.No.39895

FRN: 103031W

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS REPORT TO THE MEMBERS OF NAKODA GROUP OF INDUSTRIES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2017.**

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March 2017, we report that:

- i) a. The Company has maintained proper records showing full particulars including quantitative details and location of its fixed assets.
- b. As per the information & explanation given to us, Management has physically verified the fixed assets at reasonable intervals and no material discrepancies have been noticed on such verification.
- c. The title deeds of immovable properties are held in the name of the company.
- ii) The inventories of finished goods, work in process, stores, spare parts and raw materials have been physically verified by the Management during the year at reasonable intervals. No such material discrepancies have been noticed.
- iii) The Company has not granted loans to bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- iv) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013.
- v) 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 Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Value Added Tax, cess and other material Statutory Dues have been regularly deposited during the year by the company with the Appropriate Authorities.  

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, there are no material dues of Sales Tax, Income Tax, wealth tax, Service Tax, Excise duty of and cess which have not been deposited with the appropriate authorities on account of any dispute.
- vi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank, government or debenture holder.
- vii) To the best of our information and knowledge and as per the records verified by us, the company has not raised money by ways of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised.

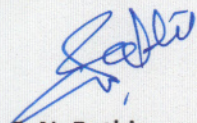


- viii) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the Management.
- ix) As per the information provided managerial remuneration has not been paid therefore the provisions of section 197 read with schedule V to the Companies Act are not applicable.
- x) In our opinion, the Company is not a Nidhi Company. Accordingly the comments referred to in clause are not applicable to the Company.
- xi) All transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the accounting standards.
- xii) The company has made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xiii) The company has not entered into any non-cash transactions with directors or persons connected with him.
- xiv) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Gandhi Rath & Co.**

**Chartered Accountants**

**Firm Registration No. 103031W**



**C. N. Rath**

**Partner**

**Membership No. 39895**

**Place: Nagpur**

**Dated:**



## **Annexure B to the Auditors' Report**

### **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 Nakoda Group of Industries Limited. ('the Company') as of 31<sup>st</sup> March 2017 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 Controls over Financial Reporting 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 its business including adherence to the 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, 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, both 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 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.

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 auditors' 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.

