

## **Independent Auditor's Report**

To  
the Members of,  
Five X Tradecom Limited  
(Formerly Known as "Five X Finance & Investment Ltd")

### **Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying Standalone Ind AS financial statements of **Five X Tradecom Limited (Formerly Known as "Five X Finance & Investment Ltd.")** ("the Company"), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss and the cash flow statement 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**

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 and presentation 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 Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

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 standalone Ind AS 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 thereunder.

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 standalone Ind AS financial statements. The procedures selected depend on the auditor's 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, 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 standalone Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the financial position of the company as at 31<sup>st</sup> March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 ("the Order") 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 the paragraph 3 and 4 of the Order, to the extent applicable.
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 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 and the cash flow statement 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 Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
  - (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) with respect to adequacy of internal financial control over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and
  - (g) with respect to 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 standalone Ind AS financial statements - Refer Note no. 23 to the standalone Ind AS financial statements;
    - ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. The company is not liable to transfer any amounts to the Investor Education and Protection Fund. Therefore, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Pravin Chandak & Associates**

Chartered Accountants

Firm's Registration Number: 116627W

Sd/-

**Pravin Chandak**

Partner

Firm's registration number: 116627W

Membership Number: 049391

**Place: Mumbai****Date: 26/05/2018**

## Annexure- A to the Auditors' Report as on 31<sup>st</sup> March, 2018

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2018, 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 fixed assets. No material discrepancy was noticed during physical verification.
- (c) The company does not have any immovable property hence the clause is not applicable.
- (ii) As informed to us, the equity shares held as inventories in dematerialized form have been verified by the management with supportive evidence during the year. And for other unquoted equity shares held as inventories the procedures performed by the management for physical verification were found to be satisfactory. No material discrepancy was found.
- (iii) (a) The Company has granted loans to One party covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') and terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (b) In the case of the loans granted to any parties in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, paragraph 3(ii) (b) of the order is not applicable to the Company in respect of repayment of the principal amount.
- (c) There are no overdue amounts for period of more than ninety days in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act.
- (iv) The company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.
- (v) During the year, Company has not accepted any deposits from the public hence the clause is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the 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 provident fund, income tax, goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, goods and service tax, were in arrears as at 31 March, 2018 for a period of more than six months from the date they became payable. However, company is subject to pay dues under Professional Tax but no amount was deposited till the reporting date.
- (viii) The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- (ix) The Company has not raised any money by way of initial public offer or further public offer during the year. The company has not taken any term loans during the year.
- (x) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.
- (xi) The company has paid managerial remuneration in accordance with provisions of the section 197 read with Schedule V of the Companies Act.
- (xii) The company is not a Nidhi Company hence the clause is not applicable.

- (xiii) All the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the necessary details have been disclosed in the Financial Statements etc as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year,
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him.

As per provisions of section 45-IA of RBI Act 1934, a company is classified under various categories of Finance company if the company's financial assets are more than 50% of the total assets of the company and Gross Income from Financial activities constitute more than 50% of the gross income. The company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 however it has not obtained registration

**For Pravin Chandak & Associates**

Chartered Accountants

Firm's Registration Number: 116627W

Sd/-

**Pravin Chandak**

Partner

Firm's Registration Number: 116627W

Membership Number: 049391

**Place: Mumbai**

**Date: 26/05/2018**

## Annexure- B to the Auditor's Report as on 31st March, 2018

### Report on the Internal Financial Controls under Clause (i) of sub- section 3 of the Section 143 of the Companies Act, 2013 ('the Act)

We have audited the internal financial controls over financial reporting of **M/s. Five X Tradecom Limited** (Formerly Known as "Five X Finance & Investment Ltd.") ("The company") as of 31<sup>st</sup> March, 2018 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 Accountant 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.

#### 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 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 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 authorization of the 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.

**Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2018.

- a) The Company did not have an appropriate internal control system for granting Loans. Demand and other loans given are governed by the Board policies. Considering the close monitoring of Board no appraisal, renewal, Policies, Procedure, Committee or documents have been prescribed and executed.
- b) The Company's internal control system is not commensurate to the size and scale of operation over purchase and sale of share and inventory and for expenses incurred.

A 'material weaknesses' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects / possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018, 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 Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 financial statements of the Company, and the material weaknesses does not affect our opinion on the financial statements of the Company.

**For Pravin Chandak & Associates**  
**Chartered Accountants**  
**Firm's registration number: 116627W**

**Sd/-**  
**Pravin Chandak**  
**Partner**  
**Membership number: 049391**  
**Firm's registration number: 116627W**

**Place: Mumbai**  
**Date: 26/05/2018**