

Independent Auditors' Report

To the Members of
Palash Securities Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of PALASH SECURITIES LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2020, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Indian Accounting Standards prescribed under section 133 of the Act read with Companies Indian Accounting Standard Rules 2015, as amended ("IND AS") and other accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, the Loss and total comprehensive Loss, its cash flows and the statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 Standalone Ind AS Financial Statements section of our report. We are independent of the Company 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

SL No	Key Audit Matter	Response to Key Audit Matter
1.	First time adoption of Ind AS framework	Our Audit procedures included but not limited to, the following:
	The Company has adopted the Indian Accounting Standards notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) ('Ind AS') with effect from 1 April 2019 (1 April 2018 being the transition date) and prepared the first set of standalone financial statements under Ind AS framework in the current year. For periods up to and including the year ended 31 March 2019, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).	Obtained an understanding of management's processes and controls around adoption of Ind AS. We sought explanations from the management for areas involving complex judgements or interpretations to assess its appropriateness. Reviewed the diagnostics performed by the management to assess the impact on Ind AS transition to the individual financial statement line items.

SL No	Key Audit Matter	Response to Key Audit Matter
1.	<p>First time adoption of Ind AS framework</p> <p>This change in the financial reporting framework required an end-to-end evaluation of the potential impact on each component of the financial statement which involved significant efforts required by the management. This process also required the management to apply significant judgements to identify and elect appropriate accounting policies suitable for various transactions and balances relating to the operations of the Company including electing of available options for transition of balances as at transition date from the previous GAAP to the new GAAP.</p> <p>Further, the first time preparation of the Ind AS standalone financial statements involved preparation and presentation of additional notes and disclosures as required by the Ind AS framework as compared to the previous GAAP in addition to Note 33 to the standalone financial statements setting forth the reconciliation of balances from previous GAAP to the Ind AS at the transition date, and the impact of restatement on the results of the comparative period due to such transition.</p> <p>Considering the significance of the above transition with respect to the standalone financial statements, the complexities and efforts involved, this matter has been identified as a key audit matter for the current year audit.</p>	<p>Our Audit procedures included but not limited to, the following:</p> <p>Reviewed the implementation of exemptions availed and options chosen by the Company in accordance with the requirements of Ind AS 101, first time adoption of Indian Accounting Standards (Ind AS 101).</p> <p>Evaluated the accounting policies adopted by the Company on transition to Ind AS and assessed its appropriateness basis our understanding of the entity and its operations and the requirements of relevant accounting standards under the Ind AS framework.</p> <p>Tested whether the presentation and disclosures in the standalone financial statements are in accordance with the requirements of the applicable standards and regulatory requirements.</p> <p>Evaluated the appropriateness and adequacy of disclosures with respect to the reconciliations prepared and presented by the management in the standalone financial statements in accordance with Ind AS 101.</p>

Information other than the Financial Statements and Auditor’s Report Thereon

The company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, for example, Board of Director’s Report, Report on Corporate Governance, Management Discussion & Analysis Report, Business Responsibility Report, Shareholder information, etc., but does not include the financial statements and our auditor’s report thereon.

Our opinion on the standalone Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 the Management and Those Charged with Governance 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 of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance , including other comprehensive income , cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the applicable Indian Accounting Standards (IND AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules , 2015, as amended.

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.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SAs 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 Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS 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.
- Obtain an understanding of internal controls relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting 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 the company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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

1. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable 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 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 relevant books of accounts.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of the written representations received from the Directors as on 31st March, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2020 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanation given to us, no remuneration paid by the company to its directors during the year.
- h) 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 our information and according to the explanations given to us:
- i. The Company did not have any pending litigations which will impact on 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.
2. 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 "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



For, **Agrawal Subodh & Co.**
Chartered Accountants
Firm's Registration No – 319260E
Prosanta Mukherjee
Partner
Membership No. – 053651
UDIN: 20053651AAAAAU8931

Place: Kolkata
Date: 25th June, 2020.

Annexure – A**to the Independent Auditors' Report on the Financial Statements of Palash Securities Limited as on 31st March, 2020**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section our report of even date addressed to the members of Palash Securities Limited on the Standalone Ind AS financial statements as on 31 March, 2020)

- I. In respect of Fixed Assets:
 - a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed asset.
 - b) Fixed Assets were physically verified by the management during the year in accordance with planned programme of verifying all of them once in three years which, in our opinion, is reasonable having regards to the size to the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) According to the information and explanations given by the management, the title deeds of the properties included in Property, Plant & Equipment are transferred to the Company pursuant to the Scheme of arrangement and are yet to be registered in the name of the Company.
- II. The Company does not have any inventory and hence paragraph 3(ii) of the Order is not applicable.
- III. The company has not granted any loans, secured or unsecured to companies, firms, LLP or other parties covered in the registered maintained under section 189 of the companies Act, 2013. Hence Paragraph 3 (iii) of the order is not applicable.
- IV. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Companies Act 2013, with respect to the investments made. The company has not given any Loan.
- V. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, Paragraph 3 (v) of the order is not applicable.
- VI. The company is not required to maintain cost records under as per section 148 (1) of Companies Act, 2013.
- VII. In respect of Statutory dues: -
 - (a) The company is regular in depositing undisputed statutory dues with the appropriate authorities including income tax, service tax, Goods & Service tax and duty of custom, duty of excise; value added tax, cess or any other statutory dues.
 - (b) There are no statutory dues which are disputed; hence this clause is not applicable on the Company
- VIII. There are no loans and borrowing taken from financial institutions, banks, Government or from debenture holders. Hence, Paragraph 3(viii) of the order is not applicable on the Company.
- IX. The company has not raised any money by the way of initial public offer or further public offer and term loans. Accordingly, paragraph 3(ix) of the order is not applicable
- X. No fraud by /on the Company by its officers or employees has been noticed or reported during the year nor have we been informed about any of such case by the management;
- XI. Managerial Remuneration has not been paid or provided during the year. Accordingly, paragraph 3(xi) of the clause is not applicable.
- XII. The company is not a Nidhi Company. Hence, paragraph 3(xii) of the order is not applicable to company.
- XIII. All the transactions with the related parties are in compliance with the sections 177 and 188 of the Companies Act, 2013, wherever applicable and the details have been disclosed in the financial statements, as required by the applicable Accounting Standard.
- XIV. The company has not made any preferential allotment or private placement of shares or Fully or Partly convertible debentures during the year. Hence, paragraph 3(xiv) of the order is not applicable on the company.
- XV. According to information and explanation given by the management, the Company has not entered into any non-cash transactions with the directors or persons connected with him/her as referred to in section 192 of Companies Act, 2013
- XVI. The Company is not required to registered under section 45-IA of the Reserve Bank of India Act 1934.

For, **Agrawal Subodh & Co.**
Chartered Accountants
Firm's Registration No – 319260E

Prosanta Mukherjee
Partner
Membership No. – 053651
UDIN: 20053651AAAAAU8931

Place: Kolkata
Date: 25th June, 2020.

Annexure – B

to the Independent Auditors' Report on the Financial Statements of Palash Securities Limited as on 31st March, 2020

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section our report of even date addressed to the members of Palash Securities Limited on the Standalone Ind AS financial statements as on 31 March, 2020)

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 Palash Securities Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the Standalone Ind AS 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 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 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 Company 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 31 March 2020, 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.

Place: Kolkata
Date: 25th June, 2020.

For, **Agrawal Subodh & Co.**
Chartered Accountants
Firm's Registration No – 319260E

Prosanta Mukherjee
Partner
Membership No. – 053651
UDIN: 20053651AAAAAU8931

