

INDEPENDENT AUDITOR'S REPORT

To The Members

ROSHANARA CLUB LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Roshanara Club Limited** ("the Club"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit 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 Financial Statements

The Club's Board of Directors(Managing Committee) 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 Club 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 the Maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Club and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, 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 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 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 Club'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 Club has in place an adequate internal financial control system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Club's Directors, as well as evaluating the overall presentation of the financial statements.

Subject to qualifications given in the subsequent para, 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.

Basis of Qualified Opinion

- a. *We draw attention to note 22(b) to the financial statement which states that the print outs of the books of account for the period 01.04.2016 to 22.05.2016 are not available and the club's accounts department is not conversant on how to operate the old accounting software. In view of this the books of account for the period 01.04.2016 to 22.05.2016 were not made available to us for our verification.*
- b. *We draw attention to Note 22(h) to the financial statement which states that the periodical returns filed with Service tax department, and Delhi Value Added Tax department, do not fully match with books of account of the club. In view of this we are unable to comment on whether the Club has fully met its obligations as required under these statutes and / or whether the amount shown as input credit available are correctly stated.*
- c. *Leave encashment has been accounted for on cash basis which is not as per requirements of Accounting Standard (AS)-15 "Accounting for Retirement Benefits". In view of this the liability w.r.t. leave encashment has not been ascertained and accounted for as required in terms of AS-15 and its effect on the loss for the current period and also its cumulative effect cannot be determined.*
- d. *We draw attention to Note 22(o) to the financial statement which states that 29 members resigned during the year. However, membership loyalty bonus was paid to 33 members and furthermore as per the minutes of the management committee meetings resignation of 47 members was accepted during the year. Secondly in terms of Article 11(b) of the Articles of Association of the company membership loyalty bonus is to be paid after inclusion of new member under the category of transfer of membership. In terms of the minutes of meetings of the management committee none of the new members admitted during the year fell under the category of transfer of membership. Lastly the list of members who resigned during the year and were paid membership loyalty bonus are different in the books of account and the list of members who resigned during the year as per minutes books of the management committee meetings.*
- e. *Depreciation on fixed assets aggregating to Rs. 99,68,944 has been charged in the books of account. However, the rates of depreciation charged is not strictly as per the requirements of Schedule II of the Companies Act, 2013. Management of the Club has not been able to provide the correct amount of depreciation chargeable to Statement of Profit and Loss.*

Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for matters described in the “Basis of Qualified Opinion” paragraph* 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:

- (a) of the state of affairs of the Club as at March 31, 2017; and
- (b) its loss for the year ended on that date; and
- (c) its cash flow for the year ended on that date

Emphasis of the Matter

- a. *We draw attention to Note 22(g) to the financial statements. This note does not quantify the possible outcome of the various lawsuits filed against the Club by various persons and the contingent liability thereon. Our opinion is not qualified in respect of this matter.*
- b. *Club has neither provided the list of related parties nor the details of transactions with related parties as required in terms Accounting Standard (AS) 18. Therefore we are unable to comment on the transactions with related parties and the adequacy of disclosure as required under the accounting standard. Even the details of transactions with Key Management Personnel have not been disclosed in the financial statements. Our opinion is not qualified in respect of this matter.*
- c. *Club has not fully complied with the requirements of chapter XVII-B of Income tax Act, 1961 w.r.t. deduction of tax at source. Tax has not been deducted at source on payments made in accordance with law in a number of cases. Secondly, the time of deduction is not in accordance with the requirements of said chapter XVII-B. Our opinion is not qualified in respect of this matter.*
- d. *Others Payable under Note No. 6. to the financial statements include an amount of Rs. 43,80749 being balances of various members in the cash cards issued to them. Details of members to whom the said balances pertained to was not made available to us for our verification. Our opinion is not qualified in respect of this matter.*

Other Matters

- a. *List of Various registers and other records required to be maintained in terms of the provisions of Companies Act, 2013 and the registers/ records so maintained were not made available to us for our verification.*
- b. *Minutes Books of the Meetings of the Board of Directors & of the General Meetings have not been maintained in accordance with the provisions of section 118 of the Companies Act, 2013 read with prescribed Secretarial Standards issued by the Institute of Company Secretaries of India.*

- c. *We draw attention to Note 22(n) to the financial statement which states that internal auditors have pointed out certain anomalies. However, as informed to us management committee till date has not taken any concrete steps to resolve the anomalies as pointed out by the internal auditors.*

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 Aa** statement on the matters specified in paragraphs 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 purpose of our audit, *except for the possible effects of the matter described in the 'Basis for Qualified Opinion' paragraph, the matter described in the 'Emphasis of the matter' paragraph and the matters' described in 'Other matters' paragraph.*
 - b. in our opinion proper books of account as required by law have been kept by the Club so far as appears from our examination of those books. *However, books of account for the period 01.04.2016 to 22.05.2016 were not made available to us for our verification;*
 - 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. *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph and Emphasis of the matter paragraph,* 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. *Directors of the Club who are also directors of certain other companies, have not produced written representation as to whether the companies in which they are directors as on 31.03.2017, had not defaulted in terms of section 164(2) of the Companies Act, 2013. In the absence of this representation from the directors, we are unable to comment whether the directors are disqualified from being appointed as directors under sub-section 2 of section 164 of the Companies Act, 2013.*
 - 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. in our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rules, 2014:
 - (i) the Club has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 22(f) and 22(g) to the financial statements. However, in view of sub-paragraph (a) in the Emphasis

of the Matter paragraph we are unable to comment on the adequacy of the company's disclosure regarding impact of pending litigation, if any, on the financial position of the company.

- (ii) the Club did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
- (iii) there were no amounts which required to be transferred by the Club to the Investor Education and protection Fund.
- (iv) The Company has provided requisite disclosures in Note 22(i) to the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with books of account maintained by the Company.

**For M/s. D. G. & Co.
Chartered Accountants
Firm's Regn. No. 007214N**

**Place : New Delhi
Date : 31/08/2017**

**Dinesh Gupta
Partner
Membership No. 086089**

Annexure A to the Auditors' Report

Referred to in our Report of even date to the members of Roshanara Club Limited on the accounts of the club for the year ended 31st March, 2017

On the basis of such checks as we considered appropriate and according to the information and Explanations given to us during the course of our audit, we report that:

- (i) In respect of its fixed assets:
 - (a) The Club has maintained proper records showing full particulars, including quantitative details but not the situation of the fixed assets.
 - (b) *Physical verification of fixed assets has not been conducted for the past many years by the management. We are, therefore, unable to comment on the discrepancies between book records and physical balances and impairment of assets resulting in write off, if any.*
 - (c) The club does not own any immovable property. *The documents with respect to leasehold land of the club were not made available to us for our verification.*
- (ii) In respect of its inventory:
 - a) *As explained to us, physical verification of inventories has not been conducted by the Management at any time during the year.*
- (iii) In respect of loans, secured or unsecured, granted to the parties covered in register maintained under section 189 of the Companies Act, 2013;

According to the information and explanations given to us, the Club has not granted any loans to companies, firms or other parties. *However, the Register maintained under Section 189 of the Companies Act, 2013, if any, has not been made available to us for our verification.*
- (iv) In our opinion and according to the information and explanations given to us, the Club has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The club has not received any public deposits during the year.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Club.

(vii) In respect of statutory dues:

- (a) According to the information and explanations given to us and on the basis of our examination of the records of the club, the Club has generally been regular in depositing undisputed applicable statutory dues, including Provident Fund, employees state insurance (ESI), Investor Education and Protection Fund, Income-tax, Tax deducted at sources, Tax collected at source, Professional Tax, Sales Tax, value added tax (VAT), Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it, with the appropriate authorities. Though there has been a slight delay in a few cases. *Moreover, the recording procedure in the books of account of the statutory dues payable from time to time needs to be corrected and strengthened further.*
- (b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, sales tax, VAT, Cess and other applicable material statutory dues in arrears /were outstanding as at 31 March, 2017 for a period of more than six months from the date they became payable except with respect of Income tax Act, 1961 as stated below:-

Income tax demands

Assessment year	Amount (Rs.)
2008-09	8,18,482
Total	8,18,462

Demands w.r.t. Tax Deducted at Source

Financial year	Amount (Rs.)
2012-13	60
2015-16	26,170
Total	26,230

- (viii) In our opinion and according to the information and explanations given to us, the Club has not defaulted in the repayment of dues to banks. There were no borrowings from financial institutions or by way of issue of debentures.
- ix) The Club did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

- 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) Based on the audit procedures performed and the information and explanations given by the management, Managerial Remuneration (if any) has been paid or provided in accordance with provisions of Companies Act, 2013.
- 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) Based on the audit procedures performed and the information and explanations given by the management, in the absence of sufficient information we are unable to comment on whether all transactions with related parties are in compliance with section 188 of the Companies Act, 2013 as requisite details have not been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Club, the Club has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Club, the Club has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Club is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For M/s. D. G. & Co.
Chartered Accountants
Firm's Regn. No. 007214N

Place : New Delhi
Date :

Dinesh Gupta
Partner
Membership No. 086089