

# **Independent Auditors' Report**

**To the members of Maben Nidhi Limited**

## **Report on the financial statements**

We have audited the accompanying financial statements of **Maben Nidhi Limited** (the "Company"), which comprise the Balance sheet as at March 31<sup>st</sup>, 2018, and the Statement of Profit and Loss for the year then ended, the Cash flow Statement for the year ended March 31<sup>st</sup> 2018 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 standalone 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.

## **Auditors' responsibility**

Our responsibility is to express an opinion on these standalone 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 there under.

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 standalone financial statements.

### **Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of Balance sheet, of the State of Affairs of the Company as at March 31<sup>st</sup>, 2018; and
- (b) In the case of Statement of profit and loss, of the Profit for the year ended on March 31<sup>st</sup> 2018; and
- (c) Its cash flow statement for the year ended 31<sup>st</sup> March 2018.

### **Emphasis of Matters**

Nil

### **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 Companies Act, 2013, we give in the Annexure 1, 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 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 appears from our examination of the books of account;
- (c) In our Opinion, the Company has no independent branches and hence there is no need to prepare report on the accounts of Branch Office of the company audited under sub section (8);
- (d) The Balance Sheet and Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;

- (e) In our opinion, the balance sheet and statement of profit and loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 133 of the Act read with rule 7 of Companies (Accounts) Rules, 2014; and
- (f) In our opinion, the comments or observations don't have any adverse effect on functioning of the company.
- (g) On the basis of written representations received from the directors as at March 31, 2018, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2018, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report.
- (i) With respect to the matters to be included in the Auditor' 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 no pending litigations affecting its financial statements and hence no disclosure in its financial statements.
  - (ii) The Company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses.
  - (iii) There is no amounts which required to be transferred, to the Investor Education and Protection Fund by the Company.

**For, MANIKANDAN & ASSOCIATES**

**VANL.C.R  
(PARTNER)  
CHARTERED ACCOUNTANTS  
MEMBERSHIP No.232105  
FIRM.No.008520S**

*Chalakudy*  
*Dated:22<sup>nd</sup> August 2018*

**Annexure 1 to the Independent Auditors' Report of  
Maben Nidhi Limited  
As of and for the year ended March 31, 2018  
(referred to in our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) The title deed of immovable property is held in the name of the company.
- (ii) The Company has no inventory and hence Para 3 ( ii) of the Companies (Auditors Report) order, 2016 is not applicable to the company .
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The company has not granted any loans, investments, guarantees, and security covered under the provisions of section 185 and 186 of the Companies Act, 2013 and hence this clause is not applicable to the company.
- (v) Since company is a Nidhi Company, section 73 to 76 of the Companies Act are not applicable to the company. The Company has accepted deposit from its member which are in accordance with Nidhi Rules 2014.
- (vi) The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any services rendered by the company.
- (vii) (a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues.
- (b) According to the information and explanations given to us, there are no dues outstanding of income tax, sales tax, customs duty, service tax, excise duty and cess on account of any dispute.
- (vii) The Company has not defaulted in repayment of loans or borrowing to a financial institutions or banks.
- (ix) The company has not raised any money by way of public offer or further public offer including debt instruments and term loans and hence this clause is not applicable.
- (x) As more fully discussed in Note 36 to the financial statements and as informed by the management, we report that during the year there have been certain instances of Fraud on the company by outsiders by way of spurious gold pledging and some instances of theft gold pledging aggregating to Rs .42.02 lakhs. The company is taking appropriate legal actions to recover the same.
- (xi) Managerial Remuneration had been paid by the company during the year in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to Companies Act.

- (xii) The company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and the Company is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability.
- (xiii) All the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in financial statements, as required by the applicable accounting standards.
- (xiv) Since the company is a Nidhi company, section 42 of the Companies Act 2013 is not applicable to the Company
- (xv) The company has not entered into any non cash transactions with Directors or persons connected with him.
- (xvi) The Company was notified as a Nidhi Company under section 620A of the Companies Act, 1956 and accordingly exempted from registration under the provisions of Section 45IA of the Reserve Bank of India Act, 1934.

**For, MANIKANDAN & ASSOCIATES**

**VANL.C.R  
(PARTNER)  
CHARTERED ACCOUNTANTS  
MEMBERSHIP No.232105  
FIRM.No.008520S**

*Chalakudy  
Dated:22<sup>nd</sup> August 2018*

## **Annexure 2 to The Independent Auditor's Report of Even Date on The Financial Statements of Maben Nidhi Limited**

### **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 Maben Nidhi Limited ("the company") as of 31<sup>st</sup> March, 2018 in conjunction with our Audit of the standalone 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, 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 the 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 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 authorizations of 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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance may 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<sup>st</sup> March,2018,based on the internal financial 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 Institute of Chartered Accountants of India.

**For, MANIKANDAN & ASSOCIATES**

**VANL.C.R  
(PARTNER)  
CHARTERED ACCOUNTANTS  
MEMBERSHIP No.232105  
FIRM.No.008520S**

*Chalakudy  
Dated:22<sup>nd</sup> August 2018*

**To**

**The Board of Directors  
Maben Nidhi Limited  
Valapad, Thrissur**

We have audited the Balance Sheet of Maben Nidhi Limited as at 31<sup>st</sup> March, 2018, and the annexed statement of Profit and Loss of the Company for the year ended on that date and report that:

1. Pursuant to the Non - Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 issued by Reserve Bank of India and on the basis of books and records of MABEN NIDHI LIMITED and the information provided to us during the course of audit, we place our observations on the matters specified in Paragraph 3 and 4 of the aforementioned directions.
  - A. Since the Company is a Nidhi Company, it does not require registration as Non Banking Finance Company (NBFC) under Section 45 IA of Reserve Bank of India Act – 1934.
  - B. (i) The Company has accepted deposits from its shareholders only and in compliance with the provisions of Nidhi Rules, 2014 and the directions, circulars and guidelines issued by the Central Government from time to time as applicable to a Nidhi Company.
    - (ii) The quantum of deposits as laid out under the provisions of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 is not applicable to the Company being a Mutual Benefit Financing Company (MBFC).
    - (iii) The Company is not an Asset Finance Company or an Investment Company or Loan Company and has not approached any credit rating agency for rating their deposits.
    - (iv) The Company being an MBFC not covered under clause (iii) of Paragraph 3 of the directions, reporting under clause (iv) doesn't arise.
    - (v) Net Owned funds of the Company is in excess of Rs. 200 Lakhs, hence reporting under this clause is not applicable to the Company.
    - (vi) The Company has not defaulted in payment to its depositors the interest and / or principal amount of the deposits after such interest and / or principal became due.
    - (vii) The Company has complied with the Prudential Norms on income recognition, asset classification as provided in the Nidhi Rules - 2014. The provisions of prudential norms on income recognition, accounting standards, asset classification, provisioning for bad &



doubtful debts and concentration of credit / investments as specified in the directions issued by the Reserve Bank of India in terms of the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are not applicable to the Company.

(viii) The capital adequacy ratio requirement in the terms of the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is not applicable to the Company.

(ix) Maintenance of Statutory Liquidity Ratio as prescribed by Reserve Bank in exercise of powers under Section 45-IB of the Act is not applicable to the Company. However, the Company has continued to keep investing in unencumbered term deposits with a scheduled commercial bank in its own name which amounts to not less than 10% of deposits outstanding at the close of business as on the last working day of the second preceding month as prescribed by the Nidhi Rules, 2014.

(x) The Company being a MBFC is not required to submit return on deposits in Form NBS-1.

(xi) Submission of half yearly return on prudential norms as specified in Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is not applicable to the Company.

(xii) The Company has not opened any branches / offices nor has appointed any agents during the year under review.

**For, MANIKANDAN & ASSOCIATES**

*Chalakudy*  
*Dated:22<sup>nd</sup> August2018*

**VANI.C.R**  
**(PARTNER)**  
**CHARTERED ACCOUNTANTS**  
**MEMBERSHIP No.232105**  
**FIRM.No.008520S**

**STATUTORY AUDITORS CERTIFICATE**

(Pusuant to Rule 22 of Nidhi Rules, 2014)

This is to certify that, on the basis of books of accounts and other relevant documents verified by us and as per explanations given to us by the management, **MABEN NIDHI LIMITED** has complied with all the provisions contained in Nidhi Rules – 2014, and have not contravened any of the provisions contained in the said rules.

**For, MANIKANDAN & ASSOCIATES**

*Chalakudy*  
*Dated:22ndAugust2018*

**VANI.C.R**  
**(PARTNER)**  
**CHARTERED ACCOUNTANTS**  
**MEMBERSHIP No.232105**  
**FIRM.No.008520S**