

# Independent Auditors' Report

To the Members of  
**JMC Projects (India) Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of JMC Projects (India) Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information, in which are included the Returns for the year ended on that date audited by the branch auditors of the Company's branches at Ethiopia and Sri Lanka and other auditors of the Company's six unincorporated joint ventures in India (hereinafter referred to as 'Standalone financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 2020, and profit and other comprehensive income, changes in equity and its cash flows 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 Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 standalone financial statements under the provisions of the Act 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 obtained by us along with the consideration of audit reports of the other auditors referred to in the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our opinion on the standalone 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 financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditors' Report (Contd..)

## Key Audit Matters (Contd..)

### Description of Key Audit Matters

#### Recognition of contract revenue, margin and related receivables

See Note 16 to the standalone financial statements

#### The Key audit matters

The Company enters into Engineering Procurement and Construction (EPC) contracts, which are complex in nature and span over a number of reporting periods.

The accounting standard requires an entity to select a single measurement method for the relevant performance obligation which depicts the entity's performance in transferring goods or services. In case of onerous contract, present obligations are recognised and measured as provisions.

The Company is recognising contract revenue and margin for these contracts based on input method, in accordance with the requirement of the standard. It relies on Company's estimates of the final outcome of each contract, and involves judgment, particularly in forecasting the cost to complete a contract, valuing contract variations, claims and liquidated damages.

We identified contract accounting as a key audit matter because the estimation of total revenue and total cost to complete the contract is inherently subjective, complex and require significant judgment. The same may get subsequently changed due to change in prevailing circumstances, assumptions, contract variations, etc., and could result in significant variance in the revenue and profit or loss from contract for the reporting period.

#### How the matter was addressed in our audit

Our procedures included the following:

- Assessed compliance of the Company's policies in respect of revenue recognition with the applicable accounting standards.
- We selected a sample of contracts to test, using a risk-based criteria's which included individual contracts with:
  - significant revenue recognised during the year;
  - significant accrued value of work done balances held at the year-end; or
  - low profit margins/no profit margins.
- Obtained an understanding of Company's process for analysing long term contracts, the risk associated with the contract and any key judgments.
- Evaluated the design and implementation of key internal controls over the contract revenue and cost estimation process through the combination of procedures involving inquiry, observations, re-performance and inspection of evidence.
- Verified underlying documents such as original contract, and its amendments, key contract terms and milestones, etc. for verifying the estimation of contract revenue and costs and /or any change in such estimation.
- Evaluating the outcome of previous estimates and agreeing the actual cost after the year end to the forecasted costs for the period.
- Evaluated the status of trade receivables on sample basis which are past due as at year end, the Company's on-going business relationship with customer and past payment history of the customers through inquiry with management.
- Considered the adequacy of disclosures made in note 39 to the Company's standalone financial statements in respect of these judgments and estimates.

# Independent Auditors' Report (Contd..)

## Key Audit Matters (Contd..)

### Description of Key Audit Matters (Contd..)

#### Recoverability of carrying value of investment

See Note 6(a) and 6(c) to the standalone financial statements

#### The Key audit matters

The assessment of recoverable amount of the Company's investment in and loans receivable from subsidiaries and joint venture involves significant judgment. The investments are carried at cost less any diminution in value of such investments and tested for impairment at each reporting date. These includes assumptions such as projected cash flows, discount rates, current work in hand, future contract wins/ future business plan, claims, recoverability of certain receivables as well as economic assumption such as growth rate.

We focused on this area as a key audit matter due to judgment involved in forecasting future cash flows and the selection of assumptions.

#### How the matter was addressed in our audit

Our procedures included the following:

- Evaluated the design and implementation and testing operating effectiveness of controls over the management review process of impairment assessment.
- Evaluated the net worth and past performance of the Company to whom loans given or investments made.
- Compared the carrying amount of the investment with the expected value of the business based on the discounted cash flow analysis.
- Assessed the key assumptions of independent valuation obtained by the Company. Compared the previous forecast to actual results to assess the Company's ability to forecast accurately.
- Performed sensitivity analysis on Key assumptions including discount rates and estimated future growth.
- We checked the loans advanced / repaid in relation to these loans during the year through to bank statement.
- Obtained external confirmation to evaluate completeness and existence of loans given or investments made in the subsidiaries on 31 March 2020.
- Evaluated accuracy of disclosure in the financial statements.

### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone 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 the standalone 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on audit report of other auditor, 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.

### Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in



# Independent Auditors' Report (Contd..)

## Management's and Board of Directors' Responsibility for the Standalone Financial Statements (Contd..)

equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. 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 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone 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 auditors' 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 financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# Independent Auditors' Report (Contd..)

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements (Contd..)

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

## Other Matters

We did not audit the standalone financial statements of two branches and six unincorporated joint ventures included in the standalone financial statements of the Company whose standalone financial statements reflect total assets of Rs. 80,252 lakhs as at 31 March 2020 and the total revenue of Rs. 82,419 lakhs for the year ended on that date, as considered in the standalone financial statements. These branches and unincorporated joint ventures have been audited by the branch and unincorporated joint venture auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches and unincorporated joint ventures, is based solely on the report of such branches and unincorporated joint ventures auditors.

The two branches located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial

statements of such branches located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such branches located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion is not modified in respect of the above matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. (A) 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - (c) The reports on the accounts of the branch offices and unincorporated joint ventures of the Company audited under Section 143(8) of the Act by branch auditors and unincorporated joint venture auditors have been sent to us and have been properly dealt with by us in preparing this report.
  - (d) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account and with the returns received from the branches and unincorporated joint ventures not visited by us.



# Independent Auditors' Report (Contd..)

## Report on Other Legal and Regulatory Requirements (Contd..)

- (e) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- (f) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 as at 31 March 2020 on its financial position in its standalone financial statements – Refer Note 25 to the standalone financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts. The Company did not have any material foreseeable losses on derivative contracts – Refer Note 29 to the standalone financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
  - iv. The disclosure in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditors' Report under Section 197(16):
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Vikas R Kasat**

Partner

Membership No: 105317

UDIN: 20105317AAAABG4848

Mumbai  
19 May 2020

# Annexure A to the Independent Auditors' Report – 31 March 2020

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets and investment properties.
- (b) The Company has a regular programme of physical verification of its fixed assets and investment properties by which the fixed assets and investment properties are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified its fixed assets and investment properties during the year and we are informed that no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in Note 3 and Note 4 to the standalone financial statements, are held in the name of the Company.
- (ii) The inventory of building material, components and spares has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.
- (iii) The Company has granted interest free unsecured loans to five companies covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). The Company has not granted any loans, secured or unsecured, to firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.
  - i) According to the information and explanations given to us, in our opinion, the terms and conditions on which the unsecured loans have been granted to the companies listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
  - ii) According to the information and explanations given to us, the unsecured loans granted to companies are repayable on demand. The borrowers have been regular in payment of principal and interest (if any) as demanded.
  - iii) There are no overdue amounts of more than 90 days in respect of the loans granted by the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. Accordingly, compliance under Section 185 of the Act is not applicable to the Company. According to the information and explanations given to us, the provisions of Section 186 of the Act in respect of the loans given, guarantees given or securities provided are not applicable to the Company, since it is covered as a company engaged in business of providing infrastructural facilities. The Company has complied with the provisions of Section 186 of the Act with respect to the investments made.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (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 Income-tax, Duty of customs, Goods and Service tax, Entry tax, Local body tax, Property tax, Cess and other material statutory dues have been regularly deposited during the year with

# Annexure A to the Independent Auditors' Report – 31 March 2020 (Contd..)

the appropriate authorities after considering the extension of due date granted for Goods and Service tax, Income-tax and Profession tax for payment of such dues for the month of March 2020. The amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance and Profession tax have generally been regularly deposited during the year with the appropriate authorities, though there have been slight delays in a few cases.

According to the information and explanations given to us, no material undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Profession tax, Income-tax, Duty of customs, Goods and Service tax, Entry tax, Local body tax, Property

tax, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

Also, refer note 25 to the standalone financial statements.

- (b) According to the information and explanations given to us, there are no dues of Goods and Service tax, Duty of customs and Duty of excise which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, there are no dues of Income-tax, Service tax and Value added tax as at 31 March 2020, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

(INR in lakhs)

Name of the Statute	Nature of the Dues	Amount Demanded	Amount not Deposited Under Disputes	Period to which amount relates	Forum where dispute is pending
Finance Act, 1994	Tax, Penalty and Interest	1,154.44	1,067.86	2007-08 to 2009-10	Customs, Excise and Service tax Appellate Tribunal, Ahmedabad
		2,505.73	2,505.73	2008-09 to 2012-13	Customs, Excise and Service tax Appellate Tribunal, Ahmedabad
		551.40	551.40	2015-16	Commissioner, Ahmedabad
		93.59	93.59	2015-16	Commissioner, Ahmedabad
		710.60	657.30	2014-15	Commissioner, Ahmedabad
		98.19	90.82	2012-13 to 2015-16	Commissioner, Ahmedabad
		176.23	163.01	2011-12 to 2015-16	Commissioner, Ahmedabad
		239.00	239.00	2015-16 to June 2017	Principal Commissioner, Ahmedabad
		39.56	39.56	April 2015 to June 2017	Assistant Commissioner, Ahmedabad
		2.50	2.50	2012-13 to 2016-17	Assistant Commissioner, Ahmedabad
		15.22	15.22	2017-18	Assistant Commissioner, Goa

# Annexure A to the Independent Auditors' Report – 31 March 2020

(INR in lakhs)

Name of the Statute	Nature of the Dues	Amount Demanded	Amount not Deposited Under Disputes	Period to which amount relates	Forum where dispute is pending
The West Bengal VAT Act, 2003	Tax, Penalty and Interest	96.51	57.55	2014-15	West Bengal Commercial Taxes Appellate and Revisional Board
		134.80	105.80	2009-10	West Bengal Commercial Taxes Appellate and Revisional Board
		38.41	34.78	2017-18	CIT (Appeals)
		251.00	241.00	2015-16	CIT (Appeals)
Madhya Pradesh VAT Act, 2002	Tax, Penalty and Interest	106.08	0.82	2014-15	Additional Commissioner Appeals
		65.00	15.30	2015-16	Additional Commissioner Appeals
Gujarat VAT Act, 2003		272.17	261.72	2006-07	Gujarat VAT Tribunal
Maharashtra VAT Act, 2002		75.44	2.75	2013-14	Additional Commissioner Appeals
Maharashtra VAT Act, 2002		164.82	16.64	2012-13	Maharashtra VAT Tribunal
Maharashtra VAT Act, 2002		495.91	274.82	2014-15	Learned Joint Commissioner
New Delhi VAT matter		772.53	489.10	2012-13 & 2013-14	Objection Hearing Authority Sales Tax department Delhi
Chhattisgarh VAT matter		151.10	17.36	2012-13	Appellate Authority
Andhra Pradesh VAT matter		174.00	-	2007-08 & 2008-09	Andhra Pradesh High Court
Income Tax Act, 1961		771.87	771.87	2006-07 to 2011-12	Income Tax Appellate Tribunal
		125.19	125.19	2009-10	Income Tax Appellate Tribunal
		19.70	19.70	2010-11	Income Tax Appellate Tribunal
		10.03	10.03	2004-05	Supreme Court
		433.24	433.24	2016-17	CIT (Appeals)

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowings to the financial institution, bank and dues to debenture holders. As per RBI Notification having reference RBI/2019-20/186: DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, the Company has availed the benefit of moratorium on payment of unpaid installments for the month of March 2020. The Company did not have any outstanding loans and borrowings to Government during the year.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied during the year for the purpose for which they are raised.



# Annexure A to the Independent Auditors' Report – 31 March 2020 (Contd..)

- (x) 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 instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No : 101248W/W-100022

**Vikas R Kasat**

Partner

Membership No: 105317

UDIN: 20105317AAAABG4848

Mumbai

19 May 2020

# Annexure B to the Independent Auditors' Report – 31 March 2020

Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

## **(Referred to in paragraph 2A(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### **Opinion**

We have audited the internal financial controls with reference to standalone financial statements of JMC Projects (India) Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (' hereinafter referred to as 'the Act').

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the auditors of the relevant branches and unincorporated joint ventures in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.



# Annexure B to the Independent Auditors' Report – 31 March 2020 (Contd..)

## Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control with reference to standalone financial statements in so far as it relates to overseas branches and unincorporated joint ventures which are incorporated in India is based on the corresponding reports of the auditors of such overseas branches and unincorporated joint ventures. Our opinion is not modified in respect of this matter.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No : 101248W/W-100022

**Vikas R Kasat**

Partner

Membership No: 105317

UDIN: 20105317AAAABG4848

Mumbai

19 May 2020