

INDEPENDENT AUDITORS' REPORT

The Members of ESL Steel Limited (Formerly Electrosteel Steels Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of ESL Steel Limited (“the Company”), which comprise the balance sheet as at March 31, 2021, and the statement of Profit and Loss (including other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other notes for the year ended on that date (hereinafter referred to as “financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, 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, of the state of affairs of the Company as at March 31, 2020, and its profit, 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the 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 opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note no. 44 of the financial Statement which indicates that matters relating to denial of approval for Consent to Operate (CTO) and Environmental Clearance are pending before Hon'ble High Court of Jharkhand and Supreme Court of India. Pending final decision on the matter for the reasons stated in the said note, there is a material uncertainty on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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.

Key Audit Matters	Addressing the key audit matters
<p align="center">Impairment of Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP) and Intangible Assets (as described in note 5.5 and 6.1 of the financial statements)</p>	
<p>Evaluation of the impairment involves assessment of value in use of the Cash Generating Units (CGUs) and requires significant judgements and assumptions about the forecast for cash flows, production, volume of operations, selling prices of the product and its discount rate.</p> <p>The above includes the evaluation of plant and equipment pertaining to expansion project undertaken in earlier years and lying unmoved pending further progress and implementation in this respect.</p> <p>Impairment testing of PPE, CWIP and Intangible assets were carried out during the year ended March 31, 2018 and provision of Rs. 5,11,193.01 lakhs were made. No further provision or reversal thereof has been considered necessary during this year.</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of Impairment includes the following:</p> <ul style="list-style-type: none"> • Critical evaluation of internal and external factors impacting the entity’s performance and indicators of impairment (or reversal thereof) in line with Ind AS 38; • Analysing the management’s review, contention and representation regarding the project in progress and adjustments possible against carrying value of the assets. This includes, reviewing the feasibility study of the project carried out by an independent technical consultant and status of plant and equipment so far procured for the same; • Reviewed the physical verification of plant and equipment and finding there from and adequacy of provision made against the discrepancies; • Review of impairment covering the entire block of tangible and intangible assets and capital work in progress and valuation models used to determine the recoverable amount by analysing the key assumptions used by management in this respect including: <ul style="list-style-type: none"> - Consistency with respect to forecast for arriving at the valuation and assessing the potential impact of any variances; - Price assumptions used in the models; and - The assumption/estimation for the weighted average cost of capital and rate of discount for arriving at the value in use. • Placing reliance on the management’s assumption for future prospects, expected volume of business and sustainability of the cash flows.
<p align="center">Recognition of Deferred Tax Assets (as described in note 48 of the financial statements)</p>	
<p>Deferred tax assets amounting to Rs. 2,75,228.77 lakhs (attributable to depreciation and losses carry forwards) have been recognized in the financial statements as at March 31, 2021.</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of recognition of Deferred Tax includes the following:</p> <ul style="list-style-type: none"> • Utilisation of Deferred tax assets have been tested on the basis of internal forecasts prepared by the Company and probability of future taxable income; • We critically examined the temporary differences between the carrying amounts for Ind AS financial statement and tax purposes;

Key Audit Matters	Addressing the key audit matters
	<ul style="list-style-type: none"> • Reversal of deferred liability due to timing differences and possible adjustments of deferred tax assets there against; and • Critical review of the underlying assumptions for consistency and principle of prudence for arriving at reasonable degree of probability on the matters. • Review of management’s assumption with respect to profit in future periods and taxability thereof and placing reliance on such assumptions and projections given the current scale of operations and prevailing conditions and situations.
<p align="center"><u>Statutory Claims and Liabilities prior to implementation of Resolution Plan (as described in note 40(B) of the financial statements)</u></p>	
<p>As per ARP, the contingent liabilities primarily concerning EPCG obligations, Custom Duty, Sales Tax, Excise Duty, Service Tax, Entry Tax, etc., and commitments, claims and obligations, prior to June 04, 2018 stand extinguished on implementation of the resolution plan approved by NCLT and therefore disclosure of contingent liabilities in this respect have not been considered necessary. However, these matters are pending for decision before various judicial and legislative authorities and in certain cases even balances lying in current account with banks and government authorities have been withheld for payment/utilisations.</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of disclosure includes the following:</p> <ul style="list-style-type: none"> • Assessing and analysing management’s contention, disclosures, accounting and legal requirement vis-à-vis order of NCLT and conclusion drawn thereto; • Understanding the requirement of the Standard and the accounting being effected and overriding effect of the rulings and requirements of ARP especially considering the decision of Supreme Court received in the matter of Sales Tax and its implications on other such matters pending before various authorities; • Assessing the design and implementation of controls for monitoring and arriving at the possible implication of the various legal issues and matters; and • Where relevant, reading external expert advice obtained by the management or discussion of matters with the management and placing reliance on the expert advice on legal, taxation matters, and conclusions drawn therefrom.
<p align="center"><u>Non-Renewal of Consent to Operate from JPSCB (as described in note 44 of the financial statements)</u></p>	
<p>The Company’s application for renewal of Consent to Operate (‘CTO’) was denied by Jharkhand State Pollution Control Board (‘JSPCB’). Further Environmental Clearance has also not been granted by Ministry of Environment and</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of “Going Concern” include the following:</p> <ul style="list-style-type: none"> • Obtained the status of the case from the legal department and their view on the matter;

Key Audit Matters	Addressing the key audit matters
<p>Forest (MoEF). Hon'ble High Court of Jharkhand vide an Interim Order allowed the operations which had been vacated vide order dated September 23, 2020 and listed the matter for hearing on dated June 25, 2021.</p> <p>The Company has filed a Special Leave Petition (SLP) before Hon'ble Supreme Court of India on September 22, 2020, consequent to which permission has been granted to operate the plant till further order of the said court.</p>	<ul style="list-style-type: none"> • Evaluated the steps being taken by management for ensuring the related compliances and plans for future actions; • Reviewed the appropriateness of provision made for afforestation and other costs to be incurred based on the report received from EIA consultant after considering the various concerns raised during the public hearing on the matter and disclosures made in this respect by the management; and • Reliance placed on the legal expert's view vis-à-vis stay being granted and consultants recommendation and report, pending final decision on the matter.
<p align="center">Determination and Valuation of Inventories (as described in note 30.1 of the financial statements)</p>	
<p>Inventory of the Company amounting to Rs. 63,552.34 lakhs (as on March 31, 2021) forms about 5.61% of the total assets of the Company.</p> <p>This includes bulk materials such as coal, coke, iron ore etc, which are susceptible to handling loss, moisture loss/gain, spillage etc. and determination of the same requires estimation based on experience and technical expertise.</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of determination of year-end inventory and valuation thereof include the following:</p> <ul style="list-style-type: none"> • The company has procedure of physical verification of inventories at regular interval by Independent agency for verification of Bulk and other Materials were engaged for the purpose; • We reviewed the report submitted for the verification along with workings and supporting details and obtained reasons/explanation for variations observed with respect to book stock; • Materiality for variations, discrepancies after considering the reasonable allowance for volumetric measurement were duly adjusted with respect to subsequent movements and discrepancies and adjustments pursuant to last such verification carried out. • We examined the valuation process/methodology and checks being performed at multiple levels to ensure that the valuation is consistent with and as per the policy followed in this respect.

Information Other than the Financial Statements and Auditors' 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 but does not include the financial statements and our auditors' report thereon. The other information as stated above is expected to be made available to us after the date of this Auditors' Report.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of the Management and those charged with governance 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 financial statements that give a true and fair view of the state of affairs (financial position), Profit or Loss (financial performance including other comprehensive income), changes in equity 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.

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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 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 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 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; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' 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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in the annexure referred to in the paragraph above, as required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified 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 March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements in place and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control with reference to financial statements.
3. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 40 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note no. 47(d) to the financial statements; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
4. With respect to the reporting under section 197(16) of the Act to be included in the Auditors' Report, In our opinion and according to the information and explanations given to us, the remuneration (including sitting fees) paid by the Company to its Directors during the current year is in accordance with the provisions of section 197 of the Act and is not in excess of the limit laid down therein.

For Lodha & Co,
Chartered Accountants
Firm's ICAI Registration No.:301051E

Place: Kolkata
Date: April 19, 2021

R. P. Singh
Partner
Membership No: 52438
UDIN: 21052438AAAABC4441

ANNEXURE “A” TO THE AUDITORS’ REPORT OF EVEN DATE:

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to this program and also as a specific and comprehensive exercise in this respect, detailed verification of fixed assets was carried out in the 2018-2019 by engaging the services of an Independent firm of professional for the purpose. Further, during the year, the company has carried out physical verification of majority of Capital Work in progress. The discrepancies noted on such verification as stated in Note no. 5.6 and 6.1 of the financial statements even though material in certain cases, pending completion of exercise of ascertaining the reasons thereof had been kept provided for in the books of the account. Considering the coverage of verification as above, no further verification of Property, Plant and Equipment has as such been undertaken and will be covered as per the programme devised in this respect. The programme of verification in our opinion is reasonable having regard to the size and nature of its Assets.
- c. According to the information and explanations given to us, the records examined by us and based on the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and building are held in the name of the Company as on the balance sheet date except as detailed below: (Refer Note no. 5.3 and 5.4 of the financial statements).

(Amount Rs. In Lakhs)

Freehold Land	Area	Gross Block
Land under CNT Act pending execution of registration in favour of the company	229.43 acres	1,615.99

ROU- Leasehold Land	Area	Gross Block
Deeds with defective title deed to be converted into Leasehold Land	325.19 acres	5,530.82
Title on Forest Land pending compliance of afforestation	455.35 acres	31,937.81

As stated in Note no. 5.3(a) and (b), the above land are to be regularised after obtaining necessary approvals of the authorities and charge holders. Pending execution of lease deed, these have been shown as ROU Land Leasehold.

- ii) As informed, the inventories of the Company except for materials in transit have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable. As the Company’s inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. The material discrepancies noted during the year on verification as stated in Note no. 30.1 of the financial statement have been properly dealt with in the books of the account.

- iii) The Company has not granted any loans secured or unsecured to companies, firms or parties covered in the register maintained under Section 189 of the Act. Accordingly, clause 3 (iii) of the Order is not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided any guarantees/securities to parties covered under Section 185 and 186 of the Act. Accordingly, clause 3 (iv) of the Order is not applicable to the Company.
- v) The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2021 from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder and therefore, the provisions of clause 3(v) of the Order is not applicable to the company.
- vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Goods and Service Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable to it.
- b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrear as at March 31, 2021 for a period of more than six months from the date they become payable.
- c. According to the information and explanations given to us and as stated in Note no. 40(B) of the financial statements, all disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, prior to the effective date i.e., June 04, 2018 stand extinguished in terms of the resolution plan approved by Hon'ble NCLT. This is supported by the legal opinion taken by the company and on various judicial pronouncements on the said matter.
- viii) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- ix) In our opinion and according to the information and explanations given to us, the company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, provisions of clause 3 (ix) of the Order is not applicable.
- x) During the course of our examination of books of account carried out during the year in accordance with generally accepted auditing practices in India, we have neither come

across incidence of any material fraud by the company or on the company by its officer or employees 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) The Company is not a Nidhi company and hence reporting under 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 Section 177 and 188 of the Act where applicable and details of such transactions have 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 Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Lodha & Co
Chartered Accountants
Firm's ICAI Registration
No.:301051E

Place: Kolkata
Date: April 19, 2021

R. P. Singh
Partner
Membership No: 52438
UDIN: 21052438AAAABC4441

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

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

We have audited the internal financial controls with reference to financial statements of ESL Steel Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated under the Committee of Sponsoring Organisations of the Treadway Commission (2013 framework) (“COSO 2013”). 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 with reference to financial statements 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 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 internal financial controls with reference to financial statements, 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.

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 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 control with reference to financial statements 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 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 control 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.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in COSO 2013.

Other Matters

The discrepancies noticed on physical verification of fixed assets and Capital Work in Progress as stated in Note no. 5.6 and 6.1 are being reviewed and required provision with respect to discrepancies etc., has been made in the financial statements. Reliance has been placed on the managements contention and procedures followed for testing the control and forming an opinion on the matter.

For Lodha & Co
Chartered Accountants
Firm's ICAI Registration No.:301051E

Place: Kolkata
Date: April 19, 2021

R. P. Singh
Partner
Membership No: 52438
UDIN: 21052438AAAABC4441