

## INDEPENDENT AUDITORS' REPORT

To the Members of Commercial Engineers and Body Builders Co Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Commercial Engineers and Body Builders Co Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, 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 the significant accounting policies and other explanatory information (together 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 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 2019, 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 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 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 period. 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.

Going Concern assessment - Refer to the Note 48 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>In the earlier years, the Company had been incurring cash losses affecting its ability to service its borrowings, creditors, other liabilities and similar obligations.</p> <p>We identified management's use of the going concern assumption in preparing the financial statements as a key audit matter because the factors considered by the management of the Company in their evaluation on the Company's ability to continue as a going concern are complex which may be inherently uncertain and could be subject to management bias.</p>	<p>Our procedures performed included, among others:</p> <ul style="list-style-type: none"> <li>● obtaining and examining management's projections;</li> <li>● discussing with management their plans and the potential sources of funding including sufficient working capital and recourse to finance its operations and continue to operate as a going concern for the foreseeable future and evaluating these in relation to the available evidence and to past experience;</li> <li>● evaluating the Company's going concern disclosures in the financial statements by comparing them to our understanding of the matter.</li> </ul>

<b>Accounting for Restructuring of Borrowings - Refer to the note 48 to the financial statements</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>During the year, the Company, the lenders, the erstwhile promoters and the incoming investor have entered into a Resolution Plan for restructuring of borrowings which includes following features:</p> <ul style="list-style-type: none"> <li>- partial waiver of the principal amount of loan and interest;</li> <li>- issuance of equity shares to the incoming investor;</li> <li>- transfer of pledged promoter shares to the incoming investor;</li> <li>- grant / renewal of the credit facilities subject to certain terms and conditions; and</li> <li>- issuance of non-convertible redeemable preference shares.</li> </ul> <p>This has resulted in change in ownership of the Company.</p> <p>We have identified the accounting for restructuring of borrowings as a key audit matter because the accounting for restructuring is complex and involves judgement due to contractual terms and assumptions used in determining accounting thereof.</p>	<p>Our procedures performed included, among others:</p> <ul style="list-style-type: none"> <li>● considering the terms of resolution plan entered into by the Company;</li> <li>● obtaining accounting analysis of restructuring of borrowings from the management and reviewed the same in light of appropriate accounting guidance;</li> <li>● testing of significant transactions with supporting documents, such as underlying resolution plan, board resolutions, third party confirmations and valuation reports;</li> <li>● testing the gain on waiver of interest and principal outstanding by the lenders by agreeing to underlying documents;</li> <li>● involved internal valuation specialists wherever required;</li> <li>● considering the adequacy of disclosures in the financial statements in respect of the restructuring accounting</li> </ul>

<b>Revenue Recognition - Refer to the note 2.2(e) to the financial statements</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>As disclosed in Note 28, the Company's revenue from operations for the year ended 31 March 2019 was INR 21,579.96 Lakhs.</p> <p>We have identified revenue recognition as a key audit matter because revenue is qualitatively significant to the Statement of Profit and Loss and is one of key performance indicators of the Company, there may be risks of material misstatements related to completeness, existence and accuracy of revenue recognition.</p>	<p>Our procedures performed included, among others:</p> <ul style="list-style-type: none"> <li>● obtaining the understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;</li> <li>● on a sample basis, making selections from sales entries and tracing to their contracts, invoices, and goods outward register;</li> <li>● trade receivables outstanding at the year end. Selecting a sample of trade receivables and assessing their recoverability with reference to post year end cash receipts;</li> <li>● selecting a sample of transactions recorded during the year and assessing whether revenue has been recognised in the correct period with reference to supporting invoices, terms and conditions with customers and cash receipts; and</li> <li>● assessing the appropriateness of unbilled revenue at the year end with reference to post year end billings and cash receipts.</li> </ul>

<b>Impairment and Assets held for sale - Refer to the note 3 to the financial statements</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>As at 31 March 2019, the Company’s balance sheet includes property, plant and equipment amounting to INR 11,268.42 Lakhs.</p> <p>The assessment of the recoverable value of these assets, or for the relevant cash-generating unit (‘CGU’), incorporates significant judgement in respect of factors such as future production levels, sales prices, operating/capital costs and economic assumptions such as discount rates, inflation rates etc.</p> <p>Further, the Company has undertaken review of certain activities and identified certain assets as held for sale and recognised the same at lower of cost or net realizable value.</p> <p>We identified assessing impairment and assets held for sale as a key audit matter because property, plant and equipment are significant to the Company’s total assets and involves significant judgement and estimation in determining the recoverable value.</p>	<p>Our procedures performed included, among others:</p> <ul style="list-style-type: none"> <li>● testing the design and implementation of controls which management have in place around planned and completed disposal activities;</li> <li>● obtaining and reviewing management assessment whether there were any indicators of impairment of property, plant and equipment as at 31 March 2019;</li> <li>● obtaining the projections used in determination of recoverable amount of property, plant and equipment from the management and considered the appropriateness of the growth assumptions applied by comparing the forecast cash flows to those currently being achieved by the CGUs and challenged the management’s assumptions regarding inflation rate, discount rate, etc;</li> <li>● obtaining the assessment undertaken by the management for review of certain activities and identification of assets held for sale;</li> <li>● challenging management’s judgement on the classification and valuation of assets held for sale through understanding the status of the sales process and reviewing correspondence from purchasers and prospective purchasers; and</li> <li>● assessing the adequacy of the disclosures in the financial statements in respect of the property, plant and equipment carrying values and assets held for sale.</li> </ul>

**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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the 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 financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 statements 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 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' Responsibilities 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 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.

(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.
- c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls 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 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 as at 31 March 2019 on its financial position in its financial statements - Refer Note 40 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the 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 financial statements since they do not pertain to the financial year ended 31 March 2019.

- (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 **BSR & Co. LLP**  
*Chartered Accountants*  
ICAI Firm Registration No.: 101248W/W-100022

**Shashank Agarwal**  
*Partner*  
Membership No.: 095109

Place: Pune  
Date: 22 May 2019

**Annexure A referred to in our Independent Auditors' Report to the members of Commercial Engineers and Body Builders Co Limited on the Financial Statements for the year ended 31 March 2019**

We report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, the discrepancies noticed on such verification were not material and have been properly adjusted in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the books of account, the title deeds of immovable property are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies or other parties covered in the register maintained under section 189 of the Act. As informed to us, there are no firms and Limited Liability Partnerships covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, in respect of loans and investments made by the Company, the provisions of section 185 and 186 of the Act have been complied with. As informed to us, the Company has not provided any guarantee or security as specified under Section 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the goods sold by the Company. Accordingly, para 3(vi) of the Order is not applicable.
- (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 Goods and Services Tax ("GST") and other material statutory dues have generally been regularly deposited with the appropriate authorities though have been serious delays in deposit of Provident Fund, Employees' State Insurance and Income Tax.

According to the information and explanations given to us, no amounts payable in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, Goods and Services Tax,

Service Tax, Sales Tax, Duty of excise and Value added tax and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable except as mentioned below: (INR in Lakhs)

Name of Statute	Nature of Dues	Amount	Period to which the amount relates	Due Date	Date of Subsequent Payment
Income Tax Act, 1961	Tax	2.56	April 2018	7 May 2018	11 April 2019
	Deducted at Source	2.56	May 2018	7 June 2018	11 April 2019
		11.56	June 2018	7 July 2018	11 April 2019
		2.56	July 2018	7 Aug 2018	11 April 2019
		2.56	Aug 2018	7 September 2018	11 April 2019

Also refer note 40, wherein, it is explained that on account of the uncertainty with respect to the applicability of the Hon'ble Supreme Court Judgement on the provident fund matter, management has not recognised and deposited any additional provident fund amount in respect to the previous years.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, Duty of Excise, Value Added Tax and Goods and Services Tax which have not been deposited with the appropriate authorities on account of any dispute except as mentioned below: (INR in Lakhs)

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved*	Amount Paid under Protest
Central Excise Act, 1944	Excise Duty	AC, Jabalpur	April 2009- June 2009	14.37	-
		CEC/JC, Jabalpur	April 2007-Dec 2015	2,468.48	507.60
		CEC, Jamshedpur	April 2015- June 2017	1.24	-
		CEC, Pithampur	Oct 2012- Feb 2014	8.94	-
		High Court, Madhya Pradesh	July 2008 - August 2009	2,047.00	-
		CESTAT, New Delhi	Sep 2010- Dec 2014	148.85	-
		CESTAT, Kolkata	April 2011-March 2015	195.43	0.53
MP Commercial Tax Act, 1994	Value Added Tax	Appellate Board, Bhopal	F Y 2007-08	64.41	18.03
		Appellate Board, Bhopal	F Y 2008-09	63.35	17.78
		Supreme Court	F Y 2012-13	1,406.50	-
		Dy. Commissioner Jabalpur	F Y 2013-14	131.44	32.86

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved*	Amount Paid under Protest
Central Sales Tax Act, 1956	Central Sales Tax	Appellate Board, Bhopal	F Y 2007-08	11.02	3.09
		Appellate Board, Bhopal	F Y 2010-11	29.77	28.29
		Additional Commissioner, Jabalpur	F Y 2012-13	6.11	2.81
		Additional Commissioner, Jabalpur	F Y 2015-16	8.34	0.84
Jharkhand VAT Act, 2005	Value Added Tax	Dy. Commissioner of Commercial Taxes, Adityapur Circle, Jamshedpur	April 2011 to March 2012	217.20	-
		Dy. Commissioner of Commercial Taxes, Adityapur Circle, Jamshedpur	April 2012 to March 2013	63.97	-
Income Tax Act, 1956	Income Tax	CIT (Appeals), Kanpur	A.Y. 2012-13	15.93	-
		CIT (Appeals), Kanpur	A.Y. 2011-12	9.96	9.96

\* amounts as per demand orders including interest and penalty wherever indicated in the demand

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its bankers or to any financial institutions except as under:

(INR in Lakhs)

Particulars	Amount of default in repayment		Period of default*
	Principal	Interest	
Dues to Financial Institutions :			
Tata Capital Financial Services Limited	2,559.60	1,351.70	March 2016 – 22 January 2019
Dues to Banks :			
HDFC Bank Limited	1,847.97	547.13	November 2016 – 22 January 2019
Axis Bank Limited	11,501.76	3,223.56	November 2016 – 22 January 2019

\* The Company has entered a Resolution Plan which contains restructuring of borrowings as mentioned in note 48 to the financial statements.

The Company did not have any loans or borrowings from government during the year and has not issued any debentures.

- (ix) Based on our examination of books of account and according to the information and explanations given to us, the Company has utilized all the money raised by way of term loans, for the purpose for which they were raised. Further, the Company has not raised money by way of initial public offer or further public offer (including debt instruments).
- (x) Based on our examination of the books of account and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) Based on our examination of the books of account and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provision of section 197 read with Schedule V of the Act.
- (xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) Based on our examination of the books of account and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) Based on our examination of the books of account and according to the information and explanations given to us, the Company has made preferential allotment of shares during the year which is in compliance with section 42 of the Act, the Company has raised INR 3,453.97 Lakhs out of which INR 1,686.84 Lakhs has been utilized for the purpose for which it was raised and the balance was lying in the bank account as on 31 March 2019. Further, the Company has not made any private placement of shares or fully or partly convertible debentures.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) 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.

*For* **BSR & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 101248W/W-100022

**Shashank Agarwal**

*Partner*

Membership No.: 095109

Place: Pune

Date: 22 May 2019

**Annexure 'B' to the Independent Auditors' report on the financial statements of Commercial Engineers and Body Builders Co Limited for the year ended 31 March 2019.**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph 1(A)(f) 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 financial statements of Commercial Engineers and Body Builders Co Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the 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 2019, 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").

**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 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 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 with reference to financial statements.

**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.

*For* **BSR & Co. LLP**  
*Chartered Accountants*  
ICAI Firm Registration Number: 101248W/W-100022

**Shashank Agarwal**  
*Partner*  
Membership No.: 095109

Place: Pune  
Date: 22 May 2019