

# Independent Auditor's Report

**To the Members of H.A.S. Financial Services Limited**  
Report on the Audit of the Standalone Financial Statements

## OPINION

We have audited the standalone financial statements of H.A.S. Financial Services 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), the standalone statement of changes in equity and the 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 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 (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 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

## EMPHASIS OF MATTER

As described in Note 7.1 to the standalone financial statements, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020, in accordance with Reserve Bank of India ('RBI') COVID-19 Regulatory Package.

As described in Note 42.1 (iv) to the standalone financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

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

## 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.

## Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
<p><b>Impairment of loans</b></p> <p><b>Charge: INR 2,256.51 for the year ended 31 March 2020</b> <b>Provision: INR 5,856.44 as at 31 March 2020</b></p> <p><i>Refer to the accounting policies in the standalone financial statements: Note 3.6 to the standalone financial statements: 'Significant accounting policies' and Note 7 to the standalone financial statements: 'Loans'</i></p> <p><b>Subjective estimate</b></p> <p>Recognition and measurement of impairment of loans and advances involve significant management judgement.</p> <p>Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ('ECL') model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.</p>	<p>Our key audit procedures included:</p> <p><b>Design / controls</b></p> <ul style="list-style-type: none"> <li>Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice.</li> <li>Understood management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.</li> </ul>



Key audit matter	How the matter was addressed in our audit
<p>The most significant areas are:</p> <ul style="list-style-type: none"> <li>• Segmentation of loan book</li> <li>• Determination of exposure at default</li> <li>• Loan staging criteria</li> <li>• Assigning internal rating to Retail Asset Channel</li> <li>• Calculation of probability of default / Loss given default</li> <li>• Consideration of probability weighted scenarios and forward looking macro-economic factors</li> </ul> <p>The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.</p>	<ul style="list-style-type: none"> <li>• Evaluated management’s controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19.</li> <li>• Tested the controls over ‘Governance Framework’ in line with RBI guidance.</li> <li>• Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.</li> <li>• Tested review controls over measurement of impairment allowances and disclosures in standalone financial statements.</li> </ul>
<p><b>Impact of COVID-19</b></p> <p>On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.</p> <p>We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of:</p> <ul style="list-style-type: none"> <li>• Short-term and long-term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities;</li> <li>• impact of the pandemic on the Company’s customers and their ability to repay dues; and</li> <li>• application of regulatory package announced by RBI on asset classification and provisioning.</li> </ul> <p>Management has conducted a qualitative assessment of significant increase in credit risk (‘SICR’) of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by RBI and considered updated macroeconomic scenarios and the use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.</p>	<p><b>Substantive tests</b></p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of management’s rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of RBI / Government financial relief package.</li> <li>• Assessed the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model.</li> <li>• Corroborated through independent check and enquiries the reasonableness of management’s assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed.</li> <li>• We used our modelling specialist to test the model methodology and reasonableness of assumptions used.</li> <li>• Focused on appropriate application of accounting principles and reasonableness of assumptions used in the model.</li> <li>• Performed test of details over of calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.</li> <li>• Model calculations testing through re-performance where possible.</li> <li>• Appropriateness of management’s judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral.</li> <li>• Assessed the appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19.</li> </ul>
<p><b>Information technology</b></p> <p>Information Technology (‘IT’) systems and controls</p> <p>The Company’s key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p>	<p>Our audit procedures to assess the IT system access management included the following:</p> <p><b>General IT controls / application controls and user access management</b></p> <ul style="list-style-type: none"> <li>• We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access to program and data, program change, and system change management, program development and computer operations.</li> </ul>

Key audit matter	How the matter was addressed in our audit
<p>We have focused on user access management, change management, interface controls and system application controls over key financial accounting and reporting systems.</p>	<ul style="list-style-type: none"> <li>We tested the design and operating effectiveness of key controls over user access management which includes granting access rights, new user creation, removal of user rights, user access review and preventative controls designed to enforce segregation of duties.</li> <li>For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.</li> <li>We evaluated the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.</li> <li>Other areas that were independently assessed included password policies, program change management procedures, system configurations, system interface controls, controls over changes to applications and that business users and developers did not have access to migrate changes in the production environment and the privileged access to applications, operating system or databases is restricted to authorized personnel.</li> </ul>

## OTHER INFORMATION

The Company's management and the 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 standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the statement standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Company's Management and the 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

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 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, Management and the 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 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 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 standalone 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 Management and the Board of Directors.
- Conclude on the appropriateness of Management and the 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 auditor's 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 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 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.

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 auditor's 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 (Auditor's 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 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.
    - d) In our opinion, the aforesaid standalone 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 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.

- f) With respect to the adequacy of the internal financial controls with reference to the standalone 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 Auditor's 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 does not have any pending litigations which would impact its financial position;
  - 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; and
  - iv. The disclosures 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 Auditor's 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. 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

**Sameer Mota**

Partner

Membership No: 109928

UDIN: 20109928AAAADQ3430

Mumbai  
3 June 2020





## Annexure 'A'

to the Independent Auditor's report on the standalone financial statements of **HAS Financial Services Limited for the year ended 31 March 2020**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- |   |   |
|---|---|
| <p>i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.</p> <p>(b) The Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified every year. In accordance with this programme, all property, plant and equipment were physically verified by management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed upon such verification.</p> <p>(c) According to the information and explanations given to us and the records examined by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.</p> | <p>iv. According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under Section 185 of the Act and has complied with the provisions of Section 186 (1) of the Act. The Company being a NBFC, nothing contained in Section 186 is applicable, except subsection (1) of that Section.</p> <p>v. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder apply. Accordingly, the provision of clause 3 (v) of the Order is not applicable to the Company.</p> <p>vi. According to the information and explanation given to us, maintenance of cost records has not been specified for the Company by the Central Government under section 148 (1) of the Act.</p> |
| <p>ii. The Company is a non-banking finance company ('NBFC') and does not hold any inventories. Accordingly, reporting under clause (ii) of the Order is not applicable.</p>  | <p>vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods and services tax, cess and other material statutory dues applicable to it to the appropriate authorities except instances of delay in payment of professional tax of ₹ 7,754 due to delay in registration of two branches. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs, duty of excise and value added tax.</p>   |
| <p>iii. According to the information and explanation given to us, the Company has granted secured and unsecured loans to a company covered in the register maintained under Section 189 of the Companies Act, 2013 (the 'Act').</p> <p>(a) In respect of the aforesaid loan, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.</p> <p>(b) The Company has stipulated schedule of repayment of principal and payment of interest and repayment of principal amount and receipt of interest is regular.</p> <p>(c) There is no overdue amount in respect of the aforesaid loans.</p>  | <p>There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, cess and other material statutory dues except for professional tax which were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. The extent of arrears of outstanding statutory dues has been given below:</p>  |



Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Due Date
Department of Commercial Taxes	Professional tax	80.00	June 2019	15 July 2019
Department of Commercial Taxes	Professional tax	400.00	July 2019	15 August 2019
Department of Commercial Taxes	Professional tax	680.00	August 2019	15 September 2019

(b) According to the information and explanations given to us, there are no dues of income tax, service tax and goods and service tax which have not been deposited with the appropriate authorities on account of any dispute except as below:

Name of Statute	Nature of dues	Period to which the amount relates	Amount disputed (₹ in Lakhs)	Amount unpaid (₹ in Lakhs)	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax	Assessment Year: 2017-2018	59.53	59.53	Deputy commissioner of Income tax

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks or dues to debenture holders. There are no loans or borrowings from government.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) in current year. In our opinion and according to the information and explanations given to us, term loans have been applied for the purposes for which they were raised.
- 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, there are no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, 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 as prescribed under Section 406 of the Act. 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 Section 177 and Section 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone 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, 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 him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi. The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

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

Chartered Accountants

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

**Sameer Mota**

Partner

Membership No: 109928

UDIN: 20109928AAAADQ3430

Mumbai  
3 June 2020

## Annexure 'B'

to the Independent Auditor's report on the standalone financial statements of HAS Financial Services Limited for the year ended 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 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 the standalone financial statements of HAS Financial Services 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 the standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020 based on the internal financial controls with reference to the standalone 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 the standalone 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').

### EMPHASIS OF MATTER

As described in Emphasis of Matter paragraph of our report to the standalone financial statements, the extent to which the COVID 19 pandemic will have impact on the Company's internal financial controls with reference to the standalone financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone

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 the standalone 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 the standalone 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 the standalone financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to the standalone 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 standalone 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 the standalone financial statements.

### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENTS

A company's internal financial controls with reference to the standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the standalone 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 the standalone 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 standalone financial statements.

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENTS**

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

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

Chartered Accountants

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

**Sameer Mota**

Partner

Membership No: 109928

UDIN: 20109928AAAADQ3430

Mumbai  
3 June 2020

