

# INDEPENDENT AUDITOR'S REPORT

## To the Members of LIC Housing Finance Limited Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the Standalone Financial Statements of LIC Housing Finance Limited (hereinafter referred to as "the Company"), which comprise the Standalone Balance Sheet as at 31<sup>st</sup> March 2020, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and Standalone Cash Flow Statement 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<sup>st</sup> March 2020 and profit, total comprehensive income, changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under sub-section (10) of section 143 of the Act ("the SAs"). 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 ("the ICAI") 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note 37.4 to the Standalone Financial Statements, which explains the uncertainties and management's assessment of the financial impact due to the lockdown and other restrictions imposed by the Government and condition related to the COVID-19 pandemic situation, for which definitive assessment of the impact would highly depend upon circumstances as they evolve in the subsequent periods.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	How the matter was addressed in our audit
<p><b>Expected Credit Loss – Impairment of carrying value of loans and advances</b></p> <p>Under Ind AS 109, Expected Credit Loss (ECL) is required to be determined for recognising impairment loss on financial assets which are stated at amortised cost or carried at fair value through other comprehensive income. The calculation of impairment loss or ECL is based on significant management judgement and considers the historical default and loss ratios of the loan portfolio and, to the extent possible, forward-looking analysis.</p> <p>The significant areas in the calculation of ECL where management estimates and judgements are required as under:</p> <ol style="list-style-type: none"> <li>Judgements about credit risk characteristics, taking into account instrument type, class of borrowers, credit risk ratings, date of initial recognition, remaining term to maturity, property valuations, industry and other relevant factors for collective evaluation of impairment under various stages of ECL.</li> <li>Loan staging criteria</li> <li>Calculation of probability of default and loss given default.</li> <li>Consideration of probability weighted scenarios and forward looking macro-economic factors</li> </ol>	<p><b>We performed audit procedures set out below</b></p> <ul style="list-style-type: none"> <li>We understood and assessed the Company's process on timely recognition of impairment in the loan portfolio, both retail loans and project loans. This included assessing the accuracy of the system generated reports of ageing and defaults.</li> <li>We also performed a test check of the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge and management review controls over measurement of impairment allowances and disclosures in the Standalone Financial Statements.</li> <li>We have discussed with the management and the external specialists to test the working of the ECL model and reasonableness of assumptions used, more specifically in the light of the RBI moratorium and its probable ramifications.</li> <li>We performed substantive procedures over validating completeness and correctness of the data and reasonableness of assumptions used in the ECL model including capturing of PD and LGD in line with historical trends of the portfolio and evaluation of whether the results support the appropriateness of the PDs at the portfolio level;</li> </ul>

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Key Audit Matter	How the matter was addressed in our audit
<p>5. For Project loans, assessment based on a borrower's financial performance, solvency, liquidity and industry outlook.</p> <p>The Company has also appointed a domain specialist to assist it in arriving at the ECL provisions required to be recognised.</p> <p>Further, the COVID-19 pandemic situation and the lockdown in the country coupled with the moratorium granted by RBI has cast an uncertainty on the timing and manner in which the Company would be able to collect the contractual cashflows in the form of repayments from its borrowers.</p> <p>In our opinion this is considered as a Key Audit Matter in view of the criticality of the item to the Standalone Financial Statements and the complex nature of assumptions and judgements exercised by the management.</p> <p>Refer Note 2.14 A(f), "Impairment of Financial Assets" and Note 37.4.2.3, "Impairment Assessment" and 37.4.2.4, "ECL model and assumptions considered in the ECL model", to the Standalone Financial Statements.</p> <p>Refer Note 3.1, "Determination of Expected Credit Loss" to the Standalone Financial Statements and</p> <p>Refer Note 9, "Loans" to the Standalone Financial Statements</p>	<ul style="list-style-type: none"> <li>• We performed cut off procedures on a sample basis relating to recoveries at year end that would impact staging of loans;</li> <li>• We test checked the basis of collateral valuation in the determination of ECL provision.</li> <li>• We have relied upon the work done by other experts like Independent Valuers, Lawyers, Legal Experts and other such professionals who have rendered services to the company</li> <li>• We have also obtained management representations wherever considered necessary</li> </ul>
<p><b>Evaluation of uncertain tax positions</b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Note 40(b), "Contingent Liabilities" to the Standalone Financial Statements.</p>	<p><b>Our procedures included:</b></p> <ul style="list-style-type: none"> <li>• We obtained details of completed tax assessments and demands for the year ended March 31, 2020 from the management.</li> <li>• We assessed the management's underlying assumptions in estimating the tax provision in light of the amendments in the taxation laws and the possible outcome of the disputes. We have also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</li> <li>• Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2019 to evaluate whether any change was required to management's position on these uncertainties.</li> </ul>
<p><b>IT Systems and controls</b></p> <p>The company has separate software applications for management of its loan portfolio from origination to servicing and closure and for the routine accounting. Transfer of data from / to these softwares is critical for accurate compilation of financial information. Adequate supervision over these IT controls is required to ensure that these IT applications process data as expected, updates and changes are made in an appropriate manner and confidentiality, availability and integrity is maintained. Such controls mitigate the risk of incorrect financial reporting. Our audit outcome is dependent on the effective functioning of such IT controls.</p>	<p>We have carried out the following procedures to verify the effectiveness of IT controls:</p> <ol style="list-style-type: none"> <li>a. We have planned, designed and carried out the desired audit procedures and sample checks which in our opinion are adequate to provide reasonable assurance on the adequacy of IT controls in place.</li> <li>b. In addition, we have relied on IS and other related audit reports provided by the management, wherever available.</li> <li>c. We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit and performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the Standalone Financial Statements.</li> <li>d. We have also obtained management representations wherever considered necessary.</li> </ol>

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Key Audit Matter	How the matter was addressed in our audit
<p><b>Impact of COVID-19 pandemic</b></p> <p>Due to the national lockdown in India, the information necessary for conducting the audit was provided by the Company remotely through a secure connection and suitable IT systems were made available to us. As a result, we have relied completely on digital or electronic evidence as a part of our audit process effective from the date of the lockdown till the date of this report.</p>	<p>We have carried out the validation of the electronic evidence provided by the management by performing the following procedures:</p> <ol style="list-style-type: none"> <li>We reviewed the steps taken by various Departments of the Company to ensure that the controls and operations were functioning effectively in the period of the lockdown.</li> <li>We have correlated the electronic evidence obtained with the financial information to ensure consistency and accuracy.</li> <li>We have obtained management representations wherever considered necessary.</li> </ol>

## Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Director's report and Management Discussion & Analysis (MD&A) report, but does not include the Standalone Financial Statements and our auditor's report thereon. The Director's report and MD&A report 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 Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

## Management's Responsibilities for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total 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 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 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.

The Board of Directors are 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 Standards on Auditing 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 Standards on Auditing, 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

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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.

- ii. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under the section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. 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 ability of the Company 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.
- v. 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 financial year ended 31<sup>st</sup> March 2020 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.

### Other Matter

The Standalone Financial Statements of the Company for the year ended March 31, 2019 were audited by other auditors who expressed an unmodified opinion on those Standalone Financial Statements vide their report dated 4<sup>th</sup> May 2019.

Our opinion on the Standalone Financial Statements is not modified in respect of the above matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity 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 Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
  - e. on the basis of written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act;

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- f. with respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
- g. 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 has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 40(b) to the Standalone Financial Statements.
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - ii. there has been no delay in transferring amounts, required to be transferred, to the Investor, Education and Protection Fund by the Company.
3. As required by Section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

For **Gokhale & Sathe**  
Chartered Accountants  
**Firm Regn. No.** 103264W

**Rahul Joglekar**  
Partner  
**Membership No.:** 129389  
UDIN: 20129389AAAADZ2735

**Place:** Mumbai  
**Date:** June 19, 2020

For **M. P. Chitale & Co.**  
Chartered Accountants  
**Firm Regn. No.** 101851W

**Ashutosh Pednekar**  
Partner  
**Membership No.:** 041037  
UDIN: 20041037AAAABM6277

**Place:** Mumbai  
**Date:** June 19, 2020

## ANNEXURE A

# TO INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of LIC Housing Finance Limited of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of property, plant and equipment by which property, plant and equipment are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examine by us and based on the examination of the registered sale deed/ transfer deed /conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and acquired buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- In respect of immovable properties of buildings that have been taken on lease and disclosed as property, plant and equipment in the Standalone Financial Statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The nature of the Company's business is such that it is not required to hold any inventories and, hence, reporting under paragraph 3 (ii) of the order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Hence, reporting under paragraph 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the provisions of Section 185 of the Companies Act, 2013 are not applicable to the Company. The Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186.
- (v) As per the Ministry of Corporate Affairs notification dated 31<sup>st</sup> March 2014, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company and, hence, reporting under Clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us and to the best of our knowledge, the Central Government has not prescribed the maintenance of cost records under sub-section 1 of section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, as amended for the services of the Company, and, hence, reporting under paragraph 3 (vi) of the order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, and on the basis of examination of the books of account of the company examined by us, in our opinion, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, goods and service tax, cess and other material statutory dues applicable to it. According to information and explanations given to us, no undisputed amounts payable were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, goods and service tax, cess and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Government and dues to debenture holders. The Company has not taken loans or borrowings from government.
- (ix) According to the information and explanations given to us, and on the basis of our examination of the books of account of the Company, money raised by way of debt instruments and term loans have been applied by the Company during the year for the purpose for which they were raised, other than temporary deployment in fixed deposits with Banks pending application of proceeds. Apart from money raised by way of debt instruments, the Company has neither raised any moneys by way of initial public offer / further public offer nor were such proceeds pending to be applied, during the current year.

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- (x) According to the information and explanations given to us, no material fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records, the Company has paid / provided 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.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records, the Company is in compliance with Section 177 and 188 of the Act where applicable, for all transactions with the related parties and the details of 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 on the basis of our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with directors. Hence, reporting under paragraph 3(xv) of the Order is not applicable.
- (xvi) In our opinion and according to information and explanation given to us, the Company is not required to be registered under section 45-IA Reserve Bank of India Act, 1934.

For **Gokhale & Sathe**  
Chartered Accountants  
**Firm Regn. No.** 103264W

**Rahul Joglekar**  
Partner  
**Membership No.:** 129389  
UDIN: 20129389AAAADZ2735

**Place:** Mumbai  
**Date:** June 19, 2020

For **M. P. Chitale & Co.**  
Chartered Accountants  
**Firm Regn. No.** 101851W

**Ashutosh Pednekar**  
Partner  
**Membership No.:** 041037  
UDIN: 20041037AAAABM6277

**Place:** Mumbai  
**Date:** June 19, 2020

## ANNEXURE B

# TO INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of LIC HOUSING FINANCE LIMITED of even date)**

**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 (the 'Act')**

We have audited the internal financial controls with reference to financial reporting of **LIC Housing Finance Limited** (hereinafter referred to as "the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. 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, 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 Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under sub-section (10) of Section 143 of the Act, to the extent applicable to the audit of internal financial controls with reference to 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 financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial reporting and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with

reference to Standalone 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 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 internal financial controls with reference to Standalone Financial Statements.

### Meaning of Internal Financial Controls with reference to Standalone Financial Statements.

A Company's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Standalone 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 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 Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone 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

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respects, an adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal financial controls with reference to 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.

For **Gokhale & Sathe**  
Chartered Accountants  
**Firm Regn. No.** 103264W

**Rahul Joglekar**  
Partner  
**Membership No.:** 129389  
UDIN: 20129389AAAADZ2735

**Place:** Mumbai  
**Date:** June 19, 2020

For **M. P. Chitale & Co.**  
Chartered Accountants  
**Firm Regn. No.** 101851W

**Ashutosh Pednekar**  
Partner  
**Membership No.:** 041037  
UDIN: 20041037AAAABM6277

**Place:** Mumbai  
**Date:** June 19, 2020