

# Independent Auditor's Report

## To the Members of RITES Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying Standalone Financial Statements of RITES Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes to the Standalone Financial Statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements") in which are included the returns for the year ended on that date audited by the branch auditors of the company's branches located at Eastern, Western and Southern Region.

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 March 31, 2021, the profit including other comprehensive income, statement of changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards 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 (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 audit opinion on the Standalone Financial Statements.

#### Emphasis of Matter

We draw attention to note no. 57(a) to the Standalone Financial Statements, which describes that the Company has evaluated possible impact that may result from COVID 19 pandemic on the carrying value of its assets and liabilities as at March 31, 2021. Based on the underlying data and current estimates, the Company does not expect any material impact on the carrying amount of these assets and liabilities.

Our opinion is not modified in respect of above matter.

#### 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><i>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in respect of Ind AS 115 "Revenue from Contracts with Customers" (revenue accounting standard).</i></p> <p>The application of the revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized at a point in time or over time. Additionally, revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p>	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>Evaluated the design of internal controls relating to implementation of the revenue accounting standard.</li> <li>Selected a sample of contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation and inspection of evidence in respect of operation of these controls.</li> <li>Selected a sample of contracts and performed the following procedures: <ul style="list-style-type: none"> <li>Read, analysed and identified the distinct performance obligations in these contracts.</li> </ul> </li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
	Refer Notes 1.2.1 and 51 to the Standalone Financial Statements.	<ul style="list-style-type: none"> <li>- Compared these performance obligations with that identified and recorded by the Company.</li> <li>- Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> <li>- Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> </ul>
2	<p><b>Evaluation of uncertain tax positions</b></p> <p>The Company has disputed tax positions which involves significant judgment to determine the possible outcome of these disputes. Further the company has considered certain tax deductions based upon legal opinion</p> <p>Refer Note 47(b)(i)(III) and Note 53(c) to the Standalone Financial Statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>Obtained details of completed tax assessments and demands for the year ended March 31, 2021 from management and management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We also considered legal precedence and other rulings and legal opinion obtained in evaluating management's position on these uncertain tax positions.</p>

**Information Other than the Standalone Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Standalone Financial Statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of our audit report.

Our opinion on the Standalone Financial Statements does not cover the other information and we will 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.

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.

**Responsibilities of Management and those charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in Equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**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 judgement 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 risk, 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 controls 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 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 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.

#### Other Matters

- (a) We did not audit the financial statements of three branches included in the Standalone Financial Statements of the Company whose financial statements reflect total assets of ₹1641.85 crores at March 31, 2021 and the total revenue of ₹ 637.22 crores and profit before tax of ₹ 227.56 crores for the year ended on that date, as considered in the Standalone Financial Statements. The financial statements of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.
- (b) The Standalone Financial Statements include company's shares of total assets of ₹ 5.78 crores as at March 31, 2021 and company's share of total revenue of ₹ 3.52 crores and share of net profit after tax including other comprehensive income of ₹ 0.02 crores for the year ended March 31, 2021, in respect of six joint operations, whose financial statements have not been audited by us. The financial statements of these joint operation have been audited by the joint operations' auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of joint operations, is based solely on the report of such joint operations' auditors.
- (c) The Standalone Financial Statements include company's shares of total assets of ₹ 12.96 crores as at March 31, 2021 and Company's share of total revenue of ₹ 6.34 crores and share of net loss after tax including other comprehensive income of ₹ 0.001 crores for the year ended March 31, 2021, in respect of one joint operation, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the Standalone Financial Statements, in so far as it relates to the amount

and disclosures included in respect of the joint operations and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid joint operation is based only on such unaudited financial statements. In our opinion and according to information and explanations given to us by the Management these financial statements are not material to the group.

Our opinion is not modified in respect of above matters.

#### 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 Companies Act, 2013, we give in the "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of sub section (5) of section 143 of the Act, we give in the "Annexure II" a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
  - (c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report;
  - (d) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, statement of changes in Equity, and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
  - (e) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (f) In view of exemption given vide notification no. G.S.R 463(E) dated 5th June, 2015, issued by Ministry of Corporate Affairs, provisions of Section 164(2) of the Act regarding disqualifications of Directors, are not applicable to the Company;
  - (g) 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 III";
  - (h) 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 47(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;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
4. In our opinion and to the best of our information and according to the explanations given to us, provisions of Section 197 of the Act are not applicable to the company with respect to the managerial remuneration paid/provided during the year ended March 31, 2021.

**For J.C. Bhalla & Co.**  
 Chartered Accountants  
 Firm's Regn. No. 001111N



**(Anshuman Mallick)**

Partner

Membership No. 547705

UDIN: 21547705AAAAAY2324

Place: Gurugram  
 Date : 16th June, 2021

**ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RITES LIMITED.**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of all Fixed Assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds/ lease deeds of immovable properties are held in the name of the Company except 4 leasehold building where lease deeds are pending for execution (Refer Note 57(h) of the standalone financial statements) and one number freehold land the title deed of which is yet to be executed in the name of the company (Refer Note 57(i) of the standalone financial statements). Details of such properties are as under:

**Lying under the head Property, Plant and Equipment (Refer Note 2 of the Standalone financial statements)**

Sr. No.	Particulars	Gross Block as on 31.03.2021 (₹ in crores)	Net Block as on 31.03.2021 (₹ in crores)
1.	Plot of land at Gomti Nagar Extension Lucknow	4.22	4.22

**Lying under the head Right of Use asset (Refer Note 4 of the Standalone financial statements)**

Sr. No.	Particulars	Gross Block as on 31.03.2021 (₹ in crores)	Net Block as on 31.03.2021 (₹ in crores)
1.	Office Building at Central Metro Railway Building, 56, C.R Avenue, Kolkata (Leasehold)	1.32	1.10
2.	Physical Testing Laboratory at 52 A&B, C.R Avenue, Kolkata	0.46	0.37
3.	Office Building at DLF Cyber City, Bhubaneshwar	5.43	5.28
4.	Wazirpur Northern Railway Colony, Delhi	2.61	1.88

- (ii) As per the information and explanations given to us, physical verification of Inventory, other than in transit, has been carried out by the Management at reasonable intervals during the year and no material discrepancies were noticed on such physical verification of inventory.
- (iii) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, during the year, to any Companies, firms, limited liability partnership or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to Section 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under during the year. Accordingly, clause (v) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of products sold and services rendered by the Company.

- (vii) (a) According to the information and explanations given to us and on the basis of our verification of records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Services Tax and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax which have not been deposited on account of any dispute are as under:

Name of the statute	Nature of dues	Amount Involved (₹ in crore)	Amount paid under protest (₹ in crore)	Period	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2.21	0.56	A.Y. 2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	1.87	Nil	A.Y. 2015-16	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	2.18	2.18	A.Y. 2016-17	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	3.03	3.03	A.Y. 2017-18	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	4.79	Nil	A.Y. 2018-19	Assessing Officer
Income Tax Act, 1961	Income Tax	13.68	Nil	A.Y. 2019-20	Assessing Officer
APVAT	Arrears of sales Tax	0.71	0.71	01.04.2014 To 30.11.2015	Appellate Tribunal APVAT
West Bengal VAT	Value Added Tax	1.32	0.20	01.04.2015 To 31.03.2016	President, WBST Appellate-Revisional Board
West Bengal VAT	Value Added Tax	0.42	0.06	01.04.2016 To 31.03.2017	President, WBST Appellate-Revisional Board
Finance Act, 1994	Service Tax Penalty	0.41 0.41	0.04	01.09.2012 To 31.12.2016	Customs, Excise and service Tax Appellate Tribunal
Finance Act, 1994	Service Tax Penalty	1.68 1.69	0.15	01.07.2012 To 31.03.2016	Customs, Excise and service Tax Appellate Tribunal

- (viii) According to the information and explanations given to us, the Company has not taken any loans or borrowing from financial institution, bank, government and has not issued any debentures. Accordingly, clause (viii) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- (ix) In our opinion and according to the information and explanation given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loan during the year. Accordingly, clause (ix) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- (x) During the course of our examination of the books of accounts and records carried out in accordance with the generally accepted auditing practices and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In view of exemption given vide notification no. G. S. R 463(E) dated June 5, 2015, issued by Ministry of Corporate Affairs, provisions of Section 197 read with Schedule V of the Act regarding managerial remuneration are not applicable to the Company. Accordingly, clause (xi) of paragraph 3 of the Companies (Auditors Report) Order, 2016 is not applicable to the Company.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause (xii) of paragraph 3 of the Companies (Auditors Report) Order, 2016 is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such 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, clause (xiv) of paragraph 3 of the Companies (Auditors Report) Order, 2016 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 any of the directors or persons connected with him. Accordingly, clause (xv) of paragraph 3 of the Companies (Auditors Report) Order, 2016 is not applicable to the Company.
- (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. Accordingly, Clause (xvi) of paragraph 3 of the Companies (Auditor's Report) Order 2016 is not applicable to the Company.



Place: Gurugram  
Date : 16th June, 2021

**For J.C. Bhalla & Co.**  
Chartered Accountants  
Firm's Regn. No. 001111N

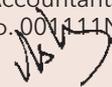
**(Anshuman Mallick)**  
Partner  
Membership No. 547705  
UDIN: 21547705AAAAAY2324

**ANNEXURE II TO THE INDEPENDENT AUDITOR’S REPORT REFERRED TO IN PARAGRAPH 2 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RITES LIMITED**

**Report under Section 143 (5) of the Companies Act, 2013 in respect of RITES Limited on Standalone Financial Statements for the year ended March 31, 2021.**

Sr. No.	Directions	Auditor’s Comments
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the Company has SAP system in place to process all the accounting transactions. As per information and explanations given to us and during the course of our audit we have not come across the any accounting transactions which were outside the IT system and have financial implications.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to company’s inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for statutory auditor of lender company).	According to the information and explanations given to us the Company has not taken any loan. Hence, there are no cases of waiver/write off of debts/ loans/interest etc.
3.	Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from Central/ State government or its agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.	As per the information and explanations given to us the Company has not received any funds from Central/ State government or its agencies for specific schemes during the year.

**For J.C. Bhalla & Co.**  
Chartered Accountants  
Firm’s Regn. No. 001411N



**(Anshuman Mallick)**  
Partner

Membership No. 547705  
UDIN: 21547705AAAAAY2324

Place: Gurugram  
Date : 16th June, 2021

**ANNEXURE III TO THE INDEPENDENT AUDITOR’S REPORT REFERRED TO IN PARAGRAPH 3(g) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RITES LIMITED**

**Report on the Internal Financial Controls 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 the Standalone Financial Statements of RITES Limited (“the Company”) as of March 31, 2021 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 Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control 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 (the “Guidance Note”) issued by The Institute of Chartered Accountants of India (“ICAI”). 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 Act.

### Auditors' 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements, and both issued by ICAI. 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 over financial reporting with reference to the Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to the Standalone Financial Statements included obtaining an understanding of such internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls systems over financial reporting with reference to the Standalone Financial Statements.

### Meaning of Internal Financial Controls over Financial Reporting with reference to the Standalone Financial Statements

A company's internal financial control over financial reporting 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 financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting with reference to the 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to the Standalone Financial Statements

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal control 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.

**For J.C. Bhalla & Co.**

Chartered Accountants  
Firm's Regn. No. 001111N



**(Anshuman Mallick)**

Partner

Membership No. 547705

UDIN: 21547705AAAAAY2324

Place: Gurugram  
Date : 16th June, 2021