

# Independent Auditors' Report

## To the Members of Prism Johnson Limited

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

#### Opinion

We have audited the accompanying standalone financial statements of **Prism Johnson Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2020, 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, a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Standalone Financial Statements').

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 Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its profit (including other comprehensive income), 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 Statement 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 *Auditors' 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 framed 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 Statement.

#### 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. We have determined the matters described below to be the key audit matters :

Sr. No	Key Audit Matters	How our audit addressed the Key Audit Matters
1	<p><b>Evaluation of Provisions and Contingent Liabilities</b></p> <p>As at the Balance Sheet date, the Company has certain open legal cases and other contingent liabilities as disclosed in note 4.05.</p> <p>The assessment of the existence of the present legal or constructive obligation and analysis of the probability of the related payment require the management to make judgement and estimates in relation to the issues of each matter.</p> <p>The management with the help of its expert, as needed, have made such judgements and estimates relating to the likelihood of an obligation arising and whether there is a need to recognize a provision or disclose a contingent liability.</p> <p>Due to the level of judgement and estimate involved in recognition, valuation and presentation of provision and contingent liabilities, this is considered to be a key audit matter.</p>	<p>Our procedures included, amongst others :</p> <p>We have reviewed and held discussions with the management to understand their processes to identify new possible obligations and changes in existing obligations for compliance with the requirements of Ind AS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'.</p> <p>We have analysed significant changes from prior periods and obtain a detailed understanding of these items and assumptions applied. We have held regular meetings with the management and key legal personnel responsible for handling legal matters.</p> <p>In addition, we have reviewed:</p> <ul style="list-style-type: none"> <li>the details of the proceedings before the relevant authorities including communication from the advocates/experts;</li> <li>legal advises/opinions obtained by the management, as needed, from experts in the field of law on the legal cases;</li> <li>minutes of board meetings, including the sub-committees and</li> <li>status of each of the material matters as on the date of the balance sheet.</li> <li>We have assessed the appropriateness of provisioning based on assumptions made by the management and presentation of the significant contingent liabilities in the financial statements.</li> </ul>

Sr. No	Key Audit Matters	How our audit addressed the Key Audit Matters
2	<p><b>Impairment of investment in Property, plant and equipments and in subsidiaries</b></p> <p>Significant judgement is involved in carrying out impairment assessment of Property, plant and equipment (PPE) and investment in subsidiaries. Such assessment is undertaken using discounted cash flow models to determine the recoverable amount (value-in-use) of Cash Generating Units (CGUs), which is compared to the carrying amount of the relevant non-current assets of the CGU in terms of Ind AS 36 on 'Impairment of Assets'. A deficit in recoverable amount compared with the carrying amount would result in an impairment.</p> <p>The value-in-use requires the use of significant management judgements and estimates including key assumptions such as product-mix, sales growth rate, discount rate and terminal growth rate etc.</p> <p>Considering significant degree of judgement in estimating value-in-use, we identified assessment of impairment of PPE and investments in subsidiaries as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• We understood, evaluated and validated management's key controls over the impairment assessment process.</li> <li>• We compared the methodology used by the management to market practice.</li> <li>• We obtained management's future cash flow forecasts, tested the mathematical accuracy of the underlying value-in-use calculations.</li> <li>• We also compared historical actual results to those budgeted to assess the quality of management's forecasts.</li> <li>• We also assessed the reasonableness of key assumptions used in the calculations, comprising sales growth rates, gross profit margin, net profit margin, perpetual growth rate and discount rates. When assessing these key assumptions, we discussed such parameters with management to understand and evaluate management's basis for determining the assumptions, and compared them to external industry outlook reports and economic growth forecasts from independent sources.</li> <li>• We also considered views of valuation experts in assessing the reasonableness of the discount rates used by management by comparing the discount rates used to entities with similar risk profiles and market information.</li> <li>• We obtained and tested management's sensitivity analysis around the key assumptions, to ascertain that selected adverse changes to key assumptions, both individually and in aggregate, would not cause the carrying amount to exceed the recoverable amount.</li> </ul>

**Information Other than the Standalone Financial Statements and Our 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 Annual Report, but does not include the Standalone Financial Statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this report.

Our opinion on the standalone financial statements does not cover the other information and we do not and 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 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 and take appropriate actions in accordance with Standards on Auditing.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of the Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity, cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS and relevant provisions of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

**Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 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 system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' 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.

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

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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the 'Annexure A', a statement on the matters specified in the paragraph 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 it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Standalone Financial Statements comply with the Accounting Standards specified

- under section 133 of the Act, read with relevant rules issued thereunder and relevant provisions of the Act ;
- e) On the basis of the 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;
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements;
  - g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended:

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; and

- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 4.05 to the Standalone Financial Statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards for material foreseeable losses, if any, on the long-term contracts including derivative contracts and
  - iii. There has been no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

**For G. M. Kapadia & Co.**  
Chartered Accountants  
Firm Registration No. 104767W

**Atul Shah**  
Partner

Place : Mumbai  
Dated : May 28, 2020

Membership No. 039569  
UDIN: 20039569AAAADQ7241

**Annexure A - referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report on even date, to the members of the Company on the Standalone Financial Statements for the year ended March 31, 2020**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its property, plant and equipment;
- (b) The Company has a regular programme of physical verification of property, plant and equipment by which all property, plant and equipment of the Company are being verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company

and nature of its business. Pursuant to the program, a portion of property, plant and equipment has been physically verified by the management during the year and no material discrepancies were noticed on verification conducted during the year as compared with the book records; and

- (c) Based on audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company except for following :

Particulars	Gross Block	Net Block	Remark
	As at March 31, 2020 (₹ in Crores)		
Freehold Land/ Leasehold Land/ Premises	31.25	27.12	In the year 2009-10, vide a scheme of amalgamation approved by the relevant high courts, H. & R. Johnson (India) Limited and RMC Readymix (India) Private Limited were amalgamated into the Company. These immovable properties are continued to be in the name of the above transferor companies and as represented by the Company, it is in the process of getting these properties transferred/registered in its name. The Company is in the possession of the relevant title deeds registered in the name of H. & R. Johnson (India) Limited or RMC Readymix (India) Private Limited, as the case maybe.

- (ii) (a) Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable; and
- (b) The discrepancies noticed on physical verification as compared to the book records were not material and have been properly dealt with in the books of account;
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of investments made and loans, guarantees and securities granted, as applicable.
- (v) The Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act, and the rules framed there under, to the extent applicable. We are informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.
- (vi) The Central Government has prescribed maintenance of cost records under section 148(1) of the Act, for the products manufactured by the Company. We have broadly reviewed the books of account maintained and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained by the Company. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other applicable statutory dues with the appropriate authorities. No undisputed statutory dues payable were in arrears as at March 31, 2020, for a period of more than six months from the date they became payable and
- (b) The details of dues of income tax, sales tax, service tax, duty of customs, duty of excise or value added tax or cess which have not been deposited with the concerned authorities on account of dispute are given below :

Nature of dues	Period to which the amount relates	Forum where dispute is pending	Amount involved (₹ in Crores)
Central Excise and Service Tax	2012-13 to April 14	Central Excise Service Tax Appellate Tribunal	5.11
	2012-13 to Jun 17	Assistant Commissioner (Appeals)	0.52
	Apr-17 to Jun 17	Joint Commissioner	0.76
	2017-18	Assistant Commissioner of Central Tax, Bengaluru	0.07
	2008-17	Addl. Comm.	1.26
	2012-13 to 2016-17	Joint Commissioner, Indore	0.56
	2017-18	Central Tax Audit-II Commissionerate	0.01
	2015-16	Assistant Director (Cost), Audit	0.02
	2014-15 to 2017-18	Deputy Commissioner, Central Tax, Audit	0.01
	2014-15 to 2017-18	Assistant Commissioner, GST (Audit)	0.01
	2017-18	Superintendent, CGST Commissionerate	0.02
	2014-15 to 2017-18	Superintendent, GST & Central Excise, Audit	0.04
	2010-11 to 2014-15	Assistant Commissioner Central Excise, Kolkata	0.01

Nature of dues	Period to which the amount relates	Forum where dispute is pending	Amount involved (₹ in Crores)
Sales Tax (Central & State)	2009-10	The High Court, Madhya Pradesh	0.46
	2010-11	The High Court, Madhya Pradesh	0.28
	2008-09 to 2013-14	The High Court, Madhya Pradesh	0.24
	2010-11 to 2011-12	Assessing officer, Delhi	0.19
	2014-15 to 2016-17	Joint Commissioner (Appeals), Maharashtra	2.58
	2009-10 to 2013-14	Additional Commissioner (Appeals), Madhya Pradesh	1.84
	2010-11	Assistant Commissioner Madhya Pradesh	0.16
	2002-03 to 2003-04, 2005-06, 2007-08 to 2008-09	Tribunal, Madhya Pradesh	0.38
	2012-14	Assistant Deputy Commissioner (Appeals), Telangana	0.11
	2009-10 and 2011-12	Commissioner (Appeals), Punjab	0.25
	2000-01 to 2001-02, 2012-13 and 2013-14	Sales tax Appellate Tribunal, Hyderabad	0.19
		2005-07	Joint Commissioner of Sales Tax, Mumbai
2007-08 to 2009-10		Appellate Deputy Commissioner, Chennai	0.48
2009-10		Assistant Commissioner Commercial Tax	0.35
2009-10		Commercial Tax Officer, Bangalore	1.18
2010-11		Deputy Commissioner of Commercial Tax, Gujarat	0.08
2009-11		Joint Commissioner of Commercial Tax, Appeals Bangalore	1.07
2011-14		Assistant Commissioner Commercial Tax, Cochin	0.11
2012-13		Senior Joint Commissioner of Commercial Taxes, Kolkata	0.05
2013-14		Assistant Commissioner Commercial Tax, Madhya Pradesh	0.03
2014-15		Excise & Taxation Officer Cum Assessing Authority, Gurugram	0.06
2015-16		Sales Tax Tribunal	0.02
2005-06		Assessing authority ( Bangalore)	0.36
2011-12		Assessing authority ( Kunigal)	0.66
2016-18		Excise & Taxation Officer Cum Assessing Authority, Gurugram	0.18
2016-17		Assessing Authority (Department of Commercial Tax UP)	0.09
2015-17	Assistant Commissioner of Commercial Taxes, Ernakulum	1.81	
Madhya Pradesh Commercial Tax Act, 1944	2012-13 to 2016-17	High Court, Madhya Pradesh	12.22
Madhya Pradesh Entry Tax Act, 1976	2006-07 to 2016-17	MP High Court, Madhya Pradesh	66.49
West Bengal Sales Tax Act, 1954	2013-17	Appeallate authority	2.20
Energy Development Cess, 2001	2000-01 to 2005-06	Supreme Court	8.90

Nature of dues	Period to which the amount relates	Forum where dispute is pending	Amount involved (₹ in Crores)
Income Tax Act, 1961	2000-02	Maharashtra High Court, Mumbai	3.96
	2011-14	Income Tax Appellate Tribunal, Jabalpur	0.19
Industrial Disputes Act	2007-08	Deputy Labour Commissioner (Labour), Bangalore	0.07
West Bengal CST Sales	2012-13	Revision Board, Kolkata	0.13
REC Certificate for Solar Power	2015-2020	REC Certificate for Solar Power	2.42
Royalty on Mining Minerals	2010-11 to 2011-12	Director of Mines & Geology, Hyderabad	0.09
Water Charges/ Tax	1998-99 to Dec 2019	High Court, Madhya Pradesh	8.92
Cross Subsidy on Power Purchase	2018-20	Cross Subsidy on Power Purchase	85.38

# Amount less than ₹ 50,000/-

- (viii) The Company has not defaulted in repayment of dues to any financial institutions, banks, government or debenture holders.
- (ix) The Company has raised term loans during the year which have been applied for the purpose for which they were raised.
- (x) To the best of our knowledge and belief 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) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Act.
- (xii) In our opinion and according to information and explanation given to us, the Company is not a Nidhi Company. 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 sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to information and explanations given by the management, 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) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements, the Company has not entered into any non-cash transactions with directors. We have been informed that no such transactions have been entered into with person connected with directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934.

**For G. M. Kapadia & Co.**  
Chartered Accountants  
Firm Registration No. 104767W

**Atul Shah**  
Partner

Place : Mumbai  
Dated : May 28, 2020

Membership No. 039569  
UDIN: 20039569AAAADQ7241

**Annexure B - referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' of our Independent Auditors' report of even date, to the members of Prism Johnson Limited on the Standalone Financial Statements for the year ended March 31, 2020**

**Report on the Internal Financial Controls under section 143(3) (i) of the Act**

**Opinion**

We have audited the internal financial controls with reference to Standalone Financial Statements of Prism Johnson Limited ('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.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2020, based on the internal control 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 ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI').

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to 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 Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 with reference to financial statements were 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 Standalone Financial Statements 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, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI.

The procedures selected depend on the auditors' 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 system with reference to Standalone Financial Statements.

**Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For G. M. Kapadia & Co.**  
Chartered Accountants  
Firm Registration No. 104767W

**Atul Shah**  
Partner

Place : Mumbai  
Dated : May 28, 2020

Membership No. 039569  
UDIN: 20039569AAAADQ7241