

Independent Auditor's Report

To the Members of Jindal Steel & Power Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of **Jindal Steel & Power Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 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, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "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 Indian 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 31st March, 2021, 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 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 together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 to be communicated in our report:-

Sl. No. Description of Key Audit Matter	How our audit addressed the key audit matters
<p>1. Recognition and measurement of taxation and tax litigation</p> <p>The Company has significant tax and other litigations against it. There is a high level of judgement required in estimating the level of provisioning required and appropriateness of disclosure of those litigations as Contingent Liabilities.</p> <p>The recognition and measurement of taxation (current tax, deferred tax assets and liabilities) requires management judgement and assumptions. The recognition of deferred tax assets involved management's estimation regarding likelihood of the realization of these assets, in particular whether there will be taxable profits in future periods that support recognition of these assets.</p> <p>Refer Note 39 and 40(a)(ii) (b) to the Standalone Financial Statements</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> We evaluated the design and tested the operating effectiveness of controls in place for the determination and recognition of current tax and deferred tax balances. We determined that we could rely on these controls for the purposes of our audit; We tested the underlying data in support of tax calculations; We made enquiries regarding the tax assessments as well as the results of previous claims/demands, and changes to the tax environments. For legal regulatory and tax matters our procedures included examining external opinions obtained by management, examining relevant correspondences and discussing with Company's legal counsel and tax head. We also involved our internal tax specialists to gain an understanding and to determine the level of exposure for tax litigation of the Company. In assessing management's conclusions with respect to the recognition of deferred tax assets, we evaluated the amount of tax losses recognised in light of the future projected profitability. <p>We determined that the tax balances were supportable and provision for taxes, deferred tax assets and liabilities are recorded and assessed the adequacy of disclosures in the standalone financial statements.</p>

Sl. No. Description of Key Audit Matter	How our audit addressed the key audit matters
<p>2. Revenue Recognition</p> <p>Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognized when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.</p> <p>The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred.</p> <p>Refer Note No. 3.14– Significant Accounting Policies; and Note No. 31 – Revenue from Operations; of the Standalone Financial Statements</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluating the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls • Evaluating the design and implementation of Company's controls in respect of revenue recognition. • Testing the effectiveness of such controls over revenue cut off at year-end • Testing the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognized in the correct period. • Performing analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries and testing. • Assessing the appropriateness of the Company's revenue recognition accounting policies in line with IND AS 115 ("Revenue from Contracts with Customers") and testing thereof.

Information Other than the 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 this Auditors' 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibility 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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position/state of affairs, 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 Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 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 management 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 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 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 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.
- 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.

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

Other Matters

As stated in the note no. 60 regarding approval of Board of Directors at its meeting held on 26th April 2021 of the proposed divestment by way of sale, by the Company of up to its entire equity interest sale in Jindal Power Limited ("JPL") i.e., 96.42% of the paid up equity share capital. The completion of the stated proposed transaction is subject to approvals of the shareholders of the Company, lenders and such regulatory and other approvals, consents, permissions and sanctions as may be necessary. On the consummation of proposed transaction, the necessary accounting adjustments will be carried out.

Our opinion on the same is not modified in respect of 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 the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

Jindal Steel & Power Limited

- e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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 No. 40(a)(ii)(a) and (b) to the standalone financial statements;
- ii. The Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2021.
- h) In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration (to be read with Note No. 54B (b) to the standalone financial statements) for the year ended 31st March, 2021 has been paid/ provided for by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.

For Lodha & Co.

Chartered Accountants
Firm Registration No. 301051E

(N. K. Lodha)

Partner

Place: New Delhi
Date: 12th May 2021

Membership No. 085155
UDIN: 21085155AAAACC2857



Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the Standalone Financial Statements of JINDAL STEEL & POWER LIMITED for the year ended 31st March 2021)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Property, Plant & Equipment have been physically verified by the management as per the regular programme of periodical physical verification in a phased manner and the physical verification carried out during the year is reasonable having regard to the size of the Company and the nature of its Property, Plant & Equipment. No material discrepancies noticed on such physical 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 of immovable properties included in fixed assets are held in the name of the Company (this to be read with note 5(2) of financial statements).
- (ii) The inventory of the Company (except stock lying with the third parties and in transit), part of stores and spares, have been physically verified by the management at reasonable intervals. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable in relation to the size of the Company and nature of its business. No material discrepancies noticed on such physical verification of inventory as compared to book records.
- (iii) The Company has not granted any secured or unsecured loan to any companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of Clauses 3(iii) (a), (b) & (c) of the Order are not applicable.
- (iv) According to the information, explanations and representations provided by the management and based on the audit
- (b) The dues in respect of income tax, service tax, duty of customs, duty of excise, Goods and Service Tax, sales tax and value added tax that have not been deposited with the appropriate authorities on account of any dispute and the forum where the dispute is pending are given below:-
- procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security, the Company has complied with the provisions of the Section 185 and 186 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public within the provision of section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed there under (to the extent applicable). We have been informed 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 other Tribunal in this regard.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- (vii) According to the records of the Company and information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employee's State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess and other material statutory dues with the appropriate authorities, to the extent applicable. There were no undisputed statutory dues payable as at March 31, 2021 which were outstanding for a period of more than six months from the date they become payable.

(₹ in crores)

S. No.	Name of Statute	Nature of Statutory Dues	Net of Pre-deposit as on 31.03.2021	Period to which amount relates	Closing Forum where dispute is pending
1			40.83	April- 2014 to June-2017	Addl. Commissioner, CTC
2			5.85	FY 2005-06 & FY 2012-13 & 2013-14	Hon'ble Orissa High Court
3	Central Sales Tax, 1956	Central Sales Tax	7.36	April- 2011 to June-2017	COMMISSIONER, RANCHI
4			13.77	April- 2015 to Sep-2015	Dy. Commissioner, Sale Tax Angul
5			0.01	FY 2007-2008 to 2010-2011	Dy. Commissioner, Sale Tax Rourkela
6			20.05	FY 2011-12 & FY 2012-13	CESTAT, Kolkata
7			9.39	FY 2013-14 to FY 2014-15	CESTAT – Hyderabad
8	Custom Act, 1962	Custom Duty	2.14	FY 2011-12	DCC – Paradeep
9			5.75	FY 2002-03 & April-2014 to Nov-2015	CESTAT, Mumbai
10	W.B.Entry Tax Act, 2012	Entry Tax	2.18	FY 2013-14 & April-2015 to June-2017	Hon'ble High Court Kolkata
11			0.55	April-2017 to June-2017	The Commissioner (Appeal)
12			60.62	April-2007 to Oct-2011	Addl. Commissioner, CTC & Tribunal Cuttack
13			29.79	FY 2012-13 to 2013-14	Deputy Commissioner of CT & GST, Angul
14	Odisha Entry Tax Act, 1999		22.30	FY 2006-07, FY 2011-12 & April- 2014 to June-2017	Additional Commissioner of Sales Tax, Angul
15			8.53	Nov-2010 to July-2011	Odisha High Court
16			0.03	FY 2007-2008	Addl. Commissioner, CCT, Cuttack

(₹ in crores)

S. No.	Name of Statute	Nature of Statutory Dues	Net of Pre-deposit as on 31.03.2021	Period to which amount relates	Closing Forum where dispute is pending
17			666.45	Jan-2010 to Nov-2013	Odisha High Court
18			329.70	April-2010 to June-2017	CESTAT, Kolkata
19			158.63	FY 2010-11 to FY 2015-16	CESTAT – Delhi
21	Central Excise Act, 1944	Excise Duty	2.94	FY 2015-16	The Commissioner Appeal
22			2.46	FY 2012-13 to FY 2014-15	Commissioner (Appeals),BBSR
23			4.24	FY 2016-17	The Joint Secretary, Delhi
24			1.83	FY 2011-12 to FY 2015-16	Supreme Court – New Delhi
25			1.04	July, 2017	Hon'ble High Court Bilaspur
26			543.83	AY 2009-10 & AY 2010-11	Punjab & Haryana High Court
27	The Income Tax Act, 1961	Income Tax	785.12	AY 2005-06, AY 2008-09 to AY 2012-13 and AY 2015-16	ITAT, New Delhi
28			78.26	AY 2013-14 to AY 2019-20	CIT(A)
29	The Finance Act, 1994	Service Tax	39.62	FY 2009-10 to FY 2016-17	CESTAT,Kolkata
30			12.99	FY 2010-11 to FY 2012-13	CESTAT – New Delhi
32	Haryana Value Added Tax, 2003		0.02	FY 2016-17	The Commissioner (Appeals)
33	Gujarat VAT Act, 2003		0.002	FY 2014-15	Commissioner (Appeals), Gujarat
34	Jharkhand VAT Act,		3.47	FY 2012-13 to FY 2014-15 & April-2016 to June-2017	COMMISSIONER ,RANCHI
35	Tamil Nadu Vat	Value Added Tax	0.72	FY 2008-2009 to 2009-2010	Appellate Deputy Commissioner-III, Chennai
36			17.07	FY 2012-13 & 2013-14	Hon'ble Orissa High Court
37	The Odisha Value Added Tax Act, 2004		10.55	April-2014 to June-2017	Addl. Commissioner, CTC
38			0.13	FY 2007-2008	Dy. Commissioner, Rourkela
39	Bihar Value Added Tax 2005		0.07	2015-16	The Appellate Commissioner

- (viii) In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues (including interest) to banks and financial institutions. As at 31 March, 2021, there was no overdue financial obligations to banks/ financial institutions/ debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Money raised on term loans have been applied for the purposes for which loans were raised.
- (x) Based on the audit procedure performed and according to the information and explanations given to us by the management, no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, managerial remuneration (to be read with Note No. 54B (b) to the financial statements) has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
- (xii) The Company is not a Nidhi company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards (Ind AS) [refer Note No. 54].
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into non-cash transactions with its Directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Lodha & Co.

Chartered Accountants
Firm Registration No. 301051E

(N. K. Lodha)

Place: New Delhi
Date: 12th May 2021

Partner
Membership No. 085155

Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

We have audited the internal financial controls over financial reporting of **JINDAL STEEL & POWER LIMITED** (“the Company”) as of 31st March 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 management is responsible for establishing and maintaining internal financial controls based on the internal control over 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 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, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India 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. 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 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company’s internal financial control over financial reporting 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 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021, based on the internal control over 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 issued by the Institute of Chartered Accountants of India.

For Lodha & Co.

Chartered Accountants
Firm Registration No. 301051E

(N. K. Lodha)

Partner

Membership No. 085155

Place: New Delhi

Date: 12th May 2021