

Independent Auditor's Report

To the Members of Izmo Limited

Report on the Standalone Financial Statements

Opinion

I have audited the accompanying standalone financial statements of **Izmo Limited** ('the Company'), which comprise the balance sheet as at 31 March 2019, 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 a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements")

In my opinion and to the best of my information and according to the explanations given to me, 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and the other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31,2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

I have conducted my audit of the standalone financial statements in accordance with the standards on Auditing specified under section 143(10) of the Act (SA's). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the standalone financials statements section of the my report. I am Independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to my audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ICAI's code of ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on the standalone financial statements.

Key audit matters

Key audit matters ('KAM') are those matters that, in my professional judgment, were of most significance in my audit of the standalone financial statements of the current period. These matters were addressed in the context of my audit of the standalone financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

1.(a) Adoption of Ind AS 115 – Revenue from Contracts with customers

As described in Note 2A(f) to the standalone financial statements, the Company has adopted Ind AS 115,

Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit. The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. The Company adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods.

1.(b) Auditor's Response

My audit procedures on adoption of Ind AS 115, Revenue from contracts with Customers ('Ind AS 115'), which is the new revenue accounting standard, include –

- Evaluated the design and implementation of the processes and internal controls relating to implementation of the new revenue accounting standard;
- Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams;
- Evaluated the changes made to IT systems to reflect the changes required in revenue recognition as per the new accounting standard;
- Evaluated the cumulative effect adjustments as at 1 April 2018 for compliance with the new revenue standard; and
- Evaluated the appropriateness of the disclosures provided under the new revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.

2.(a) Accuracy of revenues and onerous obligations in respect of fixed-price contracts involves critical estimates.

Estimated effort is a critical estimate to determine revenues and liability for onerous obligations. The estimate has a high inherent uncertainty as it requires consideration of progress of the contract, efforts incurred till date and efforts required to complete the remaining contract performance obligations.

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Refer Notes Note 2A(f) and 24 to the Standalone Financial Statements.

2.(b) Auditor's Response

The Company has majority of Time and Material Contracts, where the revenue is determined based on the Milestones defined in the contracts based on Purchase Order.

I have verified the Contracts with the purchase order and are in line with the requirements.

My audit approach was a combination of test of internal controls and substantive procedures which included the following :

- Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations.
- Tested the access and application controls pertaining to time recording, allocation and which prevents unauthorized changes to recording of efforts incurred.
- Selected a sample of contracts and through inspection of evidence of performance of these controls, tested operating effectiveness of the internal controls relating to efforts incurred and estimated.
- Performed analytical procedures and test of details for reasonableness of incurred and estimated efforts.

3.(a) Evaluation of uncertain tax positions

The Company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes Refer Notes 2A (i) & 43 to the standalone Financial Statements.

3.(b) Auditor's Response

- Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management.
- Read and analysed select key correspondences, external legal opinions / consultations by management for key uncertain tax positions;
- Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; and
- Assessed management's estimate of the possible outcome of the disputed cases.

4.(a) Receivables outstanding for more than 6 months & Confirmation of balances

The Company is of the opinion that Receivables are good in nature and will be realized with certainty in the subsequent period.

Refer Notes 11, 44(a) & 47 to the standalone Financial Statements.

4.(b) Auditor's Response

- The Company must take necessary steps to receive the money within the timelines specified in the contracts and keep receivables under control.
- The Debtors balances are subject to confirmation and reconciliation.

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

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the standalone financial statements and my auditor's report thereon.

My opinion on the standalone financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the standalone financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Management's Responsibility 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 these standalone financial statements that give a true and fair view of the state of affairs, profit / loss (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 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

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

Auditors' Responsibility for the Audit of the Standalone Financial Statements.

My 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 my 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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, I am also responsible for expressing my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify my opinion. My 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.

I 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.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, I 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. I describe these matters in MY auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my 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 "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, I report that :

- a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.
- b) In my opinion proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books;
- c) 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;

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- d) In my opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
- e) On the basis of the written representations received from the directors of the company as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 my separate report in "Annexure B". My report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in my opinion and to the best of my information and according to the explanations given to me. As required by Section 143(3) of the Act, I report that :
- i. The Company has disclosed the impact of pending litigations as at 31st March 2019 on its financial position in its financial statements – Refer Note 43 to the 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.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16) :

In my opinion and according to the information and explanations given to me, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by me.

Guru Prakash V

Chartered Accountant
M. No: 228938

Place: Bangalore
Date: 30th May 2019

Annexure A to the Independent Auditor's Report:

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of my report to the members of **Izmo Limited** of even date)

- i) In respect of the Company's fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a program of verification to cover all the items of its fixed assets in a phased manner which, in my opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to me, no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to me, the records examined by me and based on the examination of the conveyance deeds provided to me, I report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date.
- ii) In my opinion and according to the information and explanations given to me, the inventories have been verified by the management at reasonable intervals in relation to size of the Company and nature of business and no material discrepancies were noticed on physical verification.
- iii) According to the information and explanations given to me, the Company has not granted unsecured loans to body corporate, covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), in respect of which:
- iv) In my opinion and according to the information and explanations given to me, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under Clause 3(vi) of the order is not applicable to the Company.
- vii) According to the information and explanations given to me, in respect of statutory dues:
 - a) The company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Customs, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Customs, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to me, there are no material dues of duty of customs which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to me, the following dues of income tax and Karnataka Value Added Tax have not been deposited by the Company on account of disputes:

Annexure - A to the Independent Auditor's Report:

Name of the statute	Nature of dues	Amount (Rs)	Amount Paid under Protest (Rs)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Transfer pricing	Nil	Nil	F.Y.2004-05 (A.Y.2005-06)	Assessing officer to give effect to the ITAT order
Income Tax Act, 1961	Transfer Pricing	1,27,40,080	NIL	F.Y 2008-09 (A.Y.2009-10)	Rectification filed with the Assessing officer; Appeal filed with the High Court
Income Tax Act, 1961	Transfer Pricing	3,67,50,932	70,00,000	F.Y 2009-10 (A.Y.2010-11)	Appellate Tribunal
Income Tax Act, 1961	Transfer Pricing	3,09,10,300	NIL	F.Y 2010-11 (A.Y.2011-12)	Appellate Tribunal
Income Tax Act, 1961	Income Tax	84,23,520	NIL	F.Y 2012-13 (A.Y.2013-14)	CIT Appeals
Income Tax Act, 1961	Income Tax	5,10,33,800	1,02,06,761	F.Y 2013-14 (A.Y.2014-15)	CIT Appeals
Karnataka Value Added Tax Act,2003	CST	3,89,511	3,89,511	F.Y 2010-11	KAT

viii) According to the Information and explanations given to me and on the basis of examination of books of accounts, The Company has been repaying the loans as per the agreed terms during the F.Y.2018-19.

ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause 3(ix) of the Order is not applicable to the Company.

x) To the best of my knowledge and according to the information and explanations given to me, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi) In my opinion and according to the information and explanations given to me, the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provision of the section 197 read with Schedule V to the Act.

xii) The Company is not a Nidhi Company and hence, paragraph 3(xii) of the Order is not applicable to the Company.

xiii) In my opinion and according to the information and explanations given to me, 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 standalone financial statements as required by the applicable accounting standards.

xiv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not made any preferential allotment and private placement of fully or partly convertible debentures during the year.

xv) In my opinion and according to the information and explanations given to me, during the year the Company has not entered into non-cash transactions with 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 Reserve Bank of India Act, 1934

Guru Prakash V

Chartered Accountant

M. No: 228938

Place: Bangalore

Date: 30th May 2019

Annexure - B to the Independent Auditor's Report:

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of **Izmo Limited** 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")

I have audited the internal financial controls over financial reporting of **IZMO Limited** ("the Company") as of 31st March 2019 in conjunction with my audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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 ('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 Companies Act, 2013.

Auditors' Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I 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.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained, is sufficient and appropriate to provide a basis for my 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 standalone 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 my 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 31 March 2019, 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.

Guru Prakash V

Chartered Accountant
M. No: 228938

Place: Bangalore
Date: 30th May 2019