

# Independent Auditors' Report

To The Members of  
Dewan Housing Finance Corporation Limited

Report on the Audit of Standalone Ind AS Financial Statements

## DISCLAIMER OF OPINION

We were engaged to audit the accompanying standalone Ind AS financial statements of Dewan Housing Finance Corporation Limited ("the Company"), which comprises of the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying standalone Ind AS financial statements of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone Ind AS financial statements.

## BASIS FOR DISCLAIMER OF OPINION

1. We refer to note 51 of the standalone Ind AS financial statements with regards to the Unsecured Inter-corporate Deposits (ICD) outstanding as at March 31, 2019 aggregating ₹ 5,65,269 lakh. As stated in the note, there are significant deficiencies in the grant and rollover of ICD, inter-alia, non-availability of evaluation of credit worthiness of the borrowers, commercial rationale forming basis of granting of the ICD. The note also states that the Company is working towards remediating these deficiencies and that no adjustment is required to the carrying value thereof. We have not been provided sufficient appropriate audit evidence to support the management's assessment and hence are unable to evaluate on the recoverability of the ICD and the consequential effect on standalone Ind AS financial statements. Also refer our comments in paragraph 1.a of 'Report on Other Legal and Regulatory Requirements' section below.
2. We refer to note 50 of the standalone Ind AS financial statements that states the allegations of fraud that were made by the newsportal Cobrapost.com (the Allegations), inter alia, alleging diversion of funds. As stated in the note, the Audit Committee appointed an independent firm of Chartered Accountants to investigate the Allegations and report to them. We provided to the Audit Committee our suggestions on the scope and coverage as well as additional areas that needed to be covered to ensure comprehensiveness of the coverage of the investigation

and our observations on the findings by Independent firm of Chartered Accountants in the report. These have not been taken into consideration in the final report of the independent firm of Chartered Accountants. As stated in the note, the Management is in the process of determining the actions to address our comments and has stated that adjustments, if any, to the carrying values of the loans advanced will be made upon conclusion of these actions. The report of the independent firm of Chartered Accountants has not been adopted or approved by the Audit Committee. Further, we understand that various regulatory authorities / lenders are currently carrying out their own investigation and they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the Allegations.

We are therefore unable to determine if these allegations would have an impact on these standalone Ind AS financial statements including whether any adjustments to the carrying value of loans granted, any restatement of prior years' financial statements, related parties and other disclosures and compliances are required. Also refer our comments in paragraph 1.a of 'Report on Other Legal and Regulatory Requirements' section below.

3. In respect of certain loans and Pass-through Certificates (PTC) aggregating ₹ 32,45,240 lakh and ₹ 25,700 lakh, respectively, granted or invested by the Company during the year and in earlier years and outstanding as at March 31, 2019:
  - a. As stated in note 53 of the standalone Ind AS financial statements, multiple accounting entries were initially recorded in certain customer accounts for receipts despite the cheques or negotiable instrument not been deposited in the bank(s) and these have been subsequently reversed. The gross value of such loans aggregate ₹ 16,48,717 lakh (includes certain loans aggregating ₹ 13,11,283 lakh which are also included in paragraph 3.b). Also refer our comments in paragraph 1.b of 'Report on Other Legal and Regulatory Requirements' section below.
  - b. We have not been provided sufficient information and explanations to our enquiries in relation to credit, legal and technical evaluation and evidence for end use monitoring as stated in the loan agreement and specified by the Finance Committee, wherever applicable, in respect of project loans and mortgage loans aggregating ₹ 24,07,772 lakh (Includes loans aggregating ₹ 13,11,283 lakh also included in paragraph 3.b). Also refer our comments in paragraph 1.a of 'Report on Other Legal and Regulatory Requirements' section below.

- c. As stated in note 55, the management has elected to measure loans aggregating ₹ 31,62,815 lakh (includes certain loans aggregating ₹ 26,62,781 lakh which are also included in paragraph 3.a and 3.b) and Pass-through Certificates (PTC) aggregating ₹ 25,700 lakh at Fair Value Through Profit or Loss (FVTPL) based on internal valuations which involve management's judgement and assumptions. We have not been provided sufficient appropriate audit evidence and all of the necessary information and explanations in respect of the fair values changes of ₹ 3,25,345 lakh (gross of reversal of provision) and ₹ 6,800 lakh so recognized in the Statement of Profit and Loss on these loans and PTC, respectively.
- In view of the foregoing, we have been unable to obtain sufficient appropriate audit evidence to support the values of the loans and PTC and we are unable to determine if these matters would have an impact on these standalone Ind AS Financial Statements including whether any adjustments to the carrying value of the loans and PTC, restatement of prior years' financial statements, related parties and other disclosures and compliances are required.
4. We refer to note 57 of the standalone Ind AS Financial Statements regarding the observations made by National Housing Bank (NHB) in its inspection for the year ended March 31, 2018 as per the provisions of the National Housing Bank Act, 1987. Pending management evaluation and response to the observations of the NHB, we are unable to determine if these observations would have an impact on these standalone Ind AS Financial Statements including whether any adjustments to the carrying value of the loans granted, any restatement of prior years' financial statements, related parties and other disclosures and compliances are required.
5. We refer to note 56 of the financial statements. As stated in the note, during the course of the audit, deficiencies have been identified in the historical data used for the purpose of calculating provisioning based on the Expected credit loss (ECL) model in respect of loans carried at amortized cost. We are unable to comment on the assumptions made in the ECL model and consequently to determine if this matter would have an impact on these standalone Ind AS Financial Statements including the adequacy of the ECL provision.
6. As stated in note 58, the Company has recognized net deferred tax asset of ₹ 44,281 lakh as at March 31, 2019. The Company is required to perform an assessment as required by Ind AS 12 – 'Income Taxes' which requires the Company to determine the probability of future taxable income to utilize the deferred tax asset. However, we have not been provided sufficient appropriate evidence to validate the Company's assessment about the carrying value of the deferred tax asset and consequential adjustments required, if any, to these standalone Ind AS financial statements.
7. As stated in note 59, the Company has incurred expenditure aggregating ₹ 10,401 lakh for development of customised software for its operations and recording of transactions which has been carried as intangible asset under development as at March 31, 2019. The Company has not performed an impairment assessment as required by Ind AS 36 – 'Impairment of Assets' which requires the Company to determine whether the economic benefit in respect of this intangible asset shall be available to the Company in subsequent periods taking into consideration the uncertainty in respect of its plan to monetize its assets, secure funding from the bankers / investors, restructure its liabilities and recommence its operations. In view of foregoing, we have not been provided sufficient appropriate evidence about the carrying value of the intangible asset under development and adjustments required, if any, to these standalone Ind AS financial statements.
8. In view of the possible effects of the matters described in paragraphs 1 to 7 above, we are unable to comment on the Company's compliance of the covenants in respect of all borrowings and consequential implications including disclosures, if any, to these standalone Ind AS financial statements.
9. Also refer our comments under 'Material uncertainty related to Going Concern' below.

### **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We refer to note 54 of the standalone Ind AS financial statements, the Company has incurred loss aggregating ₹1,03,605 lakh during the year and has net current liabilities of ₹ 75,475 lakh as at March 31, 2019. Further, the Company's credit rating has been reduced to 'default grade' subsequent to the year-end which may substantially impair its ability to raise or generate funds to repay its obligations. The matters described in the Basis for Disclaimer of Opinion section above and para 1 of Report on Other Legal and Regulatory Requirements section below may also have an impact on the Company's ability to continue as a going concern. All these developments raise a significant doubt on the ability of the Company to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The Company is in the process of monetizing its assets and has submitted a draft resolution plan to the consortium of bankers for restructuring its borrowings and also there have been discussions for stake sale by the promoters to a strategic partner with further equity infusion. The ability of the Company to continue as a going concern inter alia is dependent upon its ability to monetize its assets, secure funding from the bankers or investors, restructure its liabilities and recommence its operations, which are not wholly within control of the Company.

The Management has prepared these standalone Ind AS financial statements using going concern basis of accounting based on their assessment of the successful outcome of above referred actions and accordingly no adjustments have been made to the

carrying value of the assets and liabilities and their presentation and classification in the Balance Sheet.

### **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE IND AS FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS**

Our responsibility is to conduct an audit of the Company's standalone Ind AS financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone Ind AS financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **REPORTING ON COMPARATIVES IN CASE OF FIRST IND AS FINANCIAL STATEMENTS**

The comparative financial information of the Company for the year ended March 31 2018 and the transition date opening balance sheet as at April 1, 2017 included in these standalone

Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by one of the joint auditors whose report for the year ended March 31, 2018 and March 31, 2017 dated April 30, 2018 and May 3, 2017 respectively expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind AS. We were engaged to jointly audit the adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. In view of the matters reported in paragraphs 2, 3, 4 and 5 of the 'Basis for Disclaimer of Opinion' section above, we are unable to comment whether any further Ind AS adjustments are required to the balances in respect of the years ended March 31, 2018 and 2017.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by Section 143(1), we report that:
  - a. We are unable to comment whether the loans referred in paragraph 3.b in the Basis for Disclaimer of Opinion section above have been properly secured and hence these loans may have been granted in a manner that is prejudicial to the interest of the Company or its members, for the reasons stated therein. Further, in respect to loans referred to in paragraphs 1, 2 and 3.b in the Basis for Disclaimer of Opinion section above, we are unable to comment whether the terms on which these have been made are prejudicial to the interest of the Company or its members, for the reasons stated therein.
  - b. We refer to the matter described in paragraph 3.a in the Basis for Disclaimer of Opinion section above, regarding multiple accounting entries which were initially recorded in certain customer accounts for receipts despite the cheques or negotiable instruments not been deposited in the bank(s) and subsequently reversed, which initial recording are represented merely by book entries and in our opinion may be prejudicial to the interest of the Company.
2. As required by Section 143(3) of the Act, based on our audit, we report that:
  - a) As described in the Basis for Disclaimer of Opinion section above, we have sought but were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion section above, we are unable to state whether 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 Cash Flow Statement and Statement of Changes in Shareholders' Equity dealt with by this Report are in agreement with the relevant books of account.
- d) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion section above, we are unable to state whether, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) The matter described in the Basis for Disclaimer of Opinion section above and in the Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors of the Company, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- g) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion section above.
- h) 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 A". Our report expresses adverse opinion on the Company's internal financial controls over financial reporting for the reasons stated therein.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- j) Other than the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph above, 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 our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
  - The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except that there has been a delay ranging from 1 to 16 days in transferring unclaimed public deposits aggregating ₹ 7 lakh.
3. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order which is subject to the possible effect of the matters described in the Basis for Disclaimer of Opinion section above and the material weakness described in the Basis of Adverse Opinion in our separate Report on the Internal Controls over Financial Reporting.

For **CHATURVEDI & SHAH LLP**  
*Chartered Accountants*  
(Firm's Registration No. 101720W/W-100355)

**Jignesh Mehta**  
*Partner*

Membership No. 102749  
UDIN - 19102749AAABPV8263

For **DELOITTE HASKINS & SELLS LLP**  
*Chartered Accountants*  
(Firm's Registration No. 117366W/W- 100018)

**Abhijit A. Damle**  
*Partner*

Membership No. 102912  
UDIN - 19102912AAAABQ4701

Mumbai, dated: July 22, 2019

# Annexure “A” to the Independent Auditors’ Report

(Referred to in paragraph 2(h) under ‘Report on Other Legal and Regulatory Requirements’ 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 Dewan Housing Finance Corporation Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone Ind AS 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 internal financial controls over financial reporting of the Company based on our audit. We conducted our audit of internal financial controls over financial reporting of the Company 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 we have obtained is sufficient and appropriate to provide a basis for our adverse 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.

### BASIS FOR ADVERSE OPINION

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the Company’s internal financial controls over financial reporting as at March 31, 2019:

- (a) The internal controls for compliance with the policies project/ mortgage loans were not operating effectively considering lack of documentation/ documentation deficiency (including requisite approvals) for certain project/ mortgage loans.

- (b) Inadequate internal financial controls over financial reporting over recording appropriate entries when entries have been passed in customer and bank accounts despite cheques/negotiable instruments not being deposited in the bank(s).
- (c) The Company did not have appropriate internal controls for compliance with the policies and systems (including related documentation) for issuance and rollover of the ICDs.
- (d) The Company did not have appropriate internal controls for determination and review of the fair value calculations in respect of project and wholesale mortgage loans.
- (e) The Company did not have appropriate internal controls for assessment of probability of utilization of the deferred tax asset.
- (f) The Company did not have appropriate internal controls for assessment of impairment in respect of intangible assets under development.
- (g) Inadequate entity level controls with regards to assessment and closure of the matters emanating out of allegations against the Company including identification of related parties and consequential disclosures.
- (h) The Company did not have appropriate internal controls for ensuring compliance of sanctioned terms of project loans including monitoring of the end use of the funds by the borrowers, as included in sanction terms and specified by the Finance Committee, and non-initiation of action as stipulated in the loan agreements despite breach of certain contracted terms.
- (i) The Company did not have appropriate internal controls for review of the historical data of non-performing assets used for the purpose of developing the expected credit loss model for loans carried at amortised cost.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

## ADVERSE OPINION

In our opinion, to the best of our information and according to the explanations given to us, possible effects of the matters described in the disclaimer of opinion paragraph of our report on the standalone financial statements and in view of the material weaknesses described in Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 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.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company for the year ended March 31, 2019, and these material weaknesses have affected our opinion on the said standalone Ind AS financial statements of the Company and we have issued a disclaimer of opinion on the standalone Ind AS financial statements of the Company.

For **CHATURVEDI & SHAH LLP**

*Chartered Accountants*

(Firm's Registration No. 101720W/W-100355)

**Jignesh Mehta**

*Partner*

Membership No. 102749

For **DELOITTE HASKINS & SELLS LLP**

*Chartered Accountants*

(Firm's Registration No. 117366W/W- 100018)

**Abhijit A. Damle**

*Partner*

Membership No. 102912

Mumbai, dated: July 22, 2019

## Annexure “B” to the Independent Auditors’ Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date and to be read subject to the possible effects of the matters described in the Basis for Disclaimer of Opinion section above and the material weakness described in the Basis of Adverse Opinion in our separate Report on the Internal Controls over Financial Reporting)

- (I) in respect of its fixed assets:
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed, transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for borrowings are held in the name of the Company based on confirmations directly received by us from the trustee of the lenders.
- In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is lessee in the agreement.
- a. The terms and conditions of the loans granted during the year, in our opinion, prima facie not prejudicial to the Company’s interest.
  - b. The principal is repayable on demand and repayments of principal amounts have been regular to the extent demanded.
  - c. There is no overdue amount remaining outstanding as at the balance sheet date.
- Also refer our comments in paragraph 1.a of ‘Reporting on legal and regulatory matters’ section.

- (IV) According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans and making investments and providing guarantees and securities, as applicable, except for the possible effects of the matter described in paragraph 2 of the Basis for Disclaimer of Opinion section on which we are unable to comment and in respect of the following:

Particulars	Relationship	Amount (₹ in lakh)	Remarks
Loan	Wholly owned subsidiary	134	Interest-free loan in violation of section 186(7) of the Act. The Company has, however, revised the terms subsequent to the year end to levy interest on this loan.

- (II) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (III) Except for the possible effects of the matter described in paragraph 2 of the Basis for Disclaimer of Opinion section on which we are unable to comment, according to the information and explanations given to us, the Company, during the year, has granted unsecured loan aggregating ₹ 3000 lakh to a Company covered in the register maintained under section 189 of the Act. Further, the Company granted unsecured interest free loan to a wholly owned subsidiary in earlier years and the outstanding balance as at March 31, 2019 is ₹ 134 lakh. In respect of these loans, except for the possible effects of the matter described in paragraph 2 of the Basis for Disclaimer of Opinion section:
- (V) As per the Ministry of Corporate Affairs notification dated March 31, 2014, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company and hence reporting under Clause 3(v) of the Order is not applicable.
- (VI) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company

and hence reporting under clause 3(vi) of the order is not applicable.

(VII) According to the 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, Employees' State Insurance, Income Tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues where applicable, to it with the appropriate authorities. There were no arrears in respect of said statutory dues as at March 31, 2019 for a period of more than six months from the date they became payable.

(b) There are no dues of Income-tax, Service Tax, Goods and Services Tax and Customs Duty as on March 31, 2019 on account of disputes.

(VIII) Except for the possible effects of the matter described in paragraph 8 of the Basis for Disclaimer of Opinion section on which we are unable to comment, in our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks, financial institutions and dues to debenture holders during the year ended March 31, 2019. The Company does not have loans or borrowings from Government.

(IX) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer of debt instruments and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application.

(X) Except for the possible effects of the matter described in paragraph 1, 2 and 3.a of the Basis for Disclaimer of Opinion section on which we are unable to comment, to the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material 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, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(XII) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(XIII) Except for the possible effects of the matter described in paragraph 2 of the Basis for Disclaimer of Opinion section on which we are unable to comment, in our opinion and according to the information and explanations given to us the Company is in compliance with Section 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 etc. as required by the applicable accounting standards.

(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 3(xiv) of the Order is not applicable to the Company.

(XV) Except for the possible effects of the matter described in paragraph 2 of the Basis for Disclaimer of Opinion section on which we are unable to comment, 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 directors of its subsidiary or associate companies or persons connected with them and hence provisions of section 192 of the Act are not applicable.

(XVI) In our opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **CHATURVEDI & SHAH LLP**

*Chartered Accountants*

(Firm's Registration No. 101720W/W-100355)

**Jignesh Mehta**

*Partner*

Membership No. 102749

For **DELOITTE HASKINS & SELLS LLP**

*Chartered Accountants*

(Firm's Registration No. 117366W/W- 100018)

**Abhijit A. Damle**

*Partner*

Membership No. 102912

Mumbai, dated: July 22, 2019