

INDEPENDENT AUDITORS' REPORT

To
The Members of
Sintex-BAPL Limited
(CIN: U25199GJ2007PLC051364)

Opinion

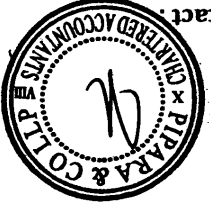
We have audited the accompanying Consolidated Financial Statements of Sintex-BAPL Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (mentioned in Annexure to this report), which comprise the consolidated balance sheet as at 31st March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors and based on management certified financial statements where an external auditor was not mandated, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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 qualified opinion.

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Emphasis of matter

We draw your attention to the following qualification to the audit opinion on the financial statements of M/s BAPL Rototech Private Limited, a subsidiary of the Holding Company, issued by an independent firm M/s ASP & Co Chartered Accountants, for not appointing an independent director as required by the Companies Act, vide its Report dated 25-06-2020 reproduced by them as under:

"We draw attention to Note No. 42 to the financial statement with respect to non-compliance of provision of the Companies Act. The company is in process of complying with the requirements. The contravention of the said provisions may attract the fines and penalties and impairments or both under the relevant provisions of Companies Act. Pending application for compounding for the said contravention, we are unable to comment on the financial impact on account of the non-compliance"

We draw attention to Note 48 of the Consolidated Financial Statements, As detailed in said notes, Sintex-BAPL Limited had accounted for the 'Sintex' Brand in its books of accounts. During the year the Company has obtained independent valuation report for impairment testing of 'Sintex' (Brand), having indefinite useful life, relating to the recoverable value of the 'Sintex' brand. During the year i.e. in October 2019, the management had disposed its entire equity holding in Sintex NP SAS, a wholly-owned step down subsidiary, whose estimated future revenues were originally included for determination of the recoverable value of the brand. An independent assessment through an authorized valuer reflected the current value of the said brand at Rs. 700 crores; resultanty Sintex-BAPL Limited has recognized an impairment loss of Rs. 800 Crores to reflect the carrying value of the brand. We have relied upon the report of the independent valuer, being a subject matter expert.

We draw attention to Note 46 of the Consolidated Financial Statements which states that, as detailed in the note, regarding non-compliance of Foreign Exchange Management Act, 1999 in the case of Sintex-BAPL Limited. The company is presently in the process of regularizing the same. This report does not include provisions in respect of habitittes/penalties/fines, if any, that may arise in this regard, as management is of the view that there would not be any significant penalty for the same.

The Holding Company has incurred losses during the year for the period ended 31.03.2020 and as at year end has a net current liability position, wherein the company has defaulted in repayment of dues to lenders in respect of its borrowings, as a result of which the account with these lenders have been classified as a NPA during the year. Resultantly, all outstanding amounts towards the banks have been classified as current by the Company in the Statement. We also draw attention to Note no. 49 to the accompanying financial statements, wherein the company defaulted on interest payments towards Debentures as intimated to the exchanges during the year

We draw attention to Note 47 of the Consolidated Financial Statements which states that, during the period under review, the Holding Company through Sintex Holdings B.V. has completed the transaction towards sale of the entire equity holding of, Sintex NP SAS, on 23rd October, 2019 and a consideration of Euro 155 Million has been received by its wholly owned



subsidiary, Sintex Holdings BV. Out of the said proceeds Euro 55 million are lying with the bank accounts held under the name of the said subsidiary as on 31.03.2020, as per management representation.

- We draw attention to Note 57 of the Consolidated Financial Statements which states that, as per the management, they are in the process of resolving the liquidity & cash flow issues by identifying & disinvesting assets strategically and hence has a positive outlook towards the future cash flows & turnaround. Accordingly, the accompanying reports have been prepared on a going concern basis by the Group.

- We draw attention to Note 51 of the Consolidated Financial Statements which states that, the Group has reversed the deferred tax liability to reflect the net deferred tax assets position, being available for offset between four to twelve years. Despite ongoing financial difficulties experienced by the Group, the management is of the view that with the turnaround of business the said credit shall be available to Group. Similarly MAT credit is recognized as deferred tax asset by the Group which is available for offset between four to twelve years. Despite ongoing financial difficulties experienced by the Group, the management is of the view that with the turnaround of business, the said credit shall be available to the Group.

- We draw attention to Note 50 of the Consolidated Financial Statements, The management has considered internal and external information upto the date of results declared for the period ended 31st March, 2020 in respect of the current and estimated future impact, including Indian economic indicators, consequent to the global health Pandemic of Covid-19. The actual impact of the pandemic may be different from that considered in view of the highly uncertain economic environment and the evolving scenario.

- We draw attention to Note 52 of the Consolidated Financial Statements which states that, the Holding Company has not transferred any amount to 'Debtore Redemption Reserve' on account of net loss position during the year.

- We draw attention to Note 54 of the Consolidated Financial Statements which states that, the Group had obtained an additional working capital loan of Rs. 130 crores from a lender, of which Rs. 98 crores out of this was placed as inter corporate deposit (ICDs) with Sintex Industries Limited (SIL) on which interest has been accrued and is pending recovery.

- We draw attention to Note 55 of the Consolidated Financial Statements which states that, the Group has neither provided any amount towards Corporate Social Responsibility on account of liquidity & cash flow problems.

- We draw attention to Note 56 of the Consolidated Financial Statements which states that, the Group has recorded borrowing of Rs. 219.94 Crores (amount as at 30th September, 2019) towards discounting facility sanctioned by Axis Bank Limited vide sanction letter dated 13th September, 2017 by adjusting reserves and surplus, for the value of principal outstanding, since it pertains to earlier years. Interest on the same has been provided in profit and loss account and out of which Rs. 89.07 crores pertains to earlier years. The said amount has been disclosed as Prior Period Expenses on the face of the Statement of Profit & Loss.



Sr No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><u>Impairment testing of goodwill and Brand.</u></p> <p>See Note 6 to the Consolidated Financial Statements.</p> <p>The Group has recognized goodwill of Rs. 20.18 Cr and Brand of Rs. 700 crores.</p> <p>The annual impairment testing of goodwill and brand is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount.</p>	<p>In the view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <p>A. assessing the appropriateness of the accounting policies in respect of impairment of goodwill and Brand.</p> <p>B. evaluating the appropriateness of the assumptions applied to key inputs such as sales volumes and prices, operating costs, inflation and long-term growth rates. Performing sensitivity analysis, which included assessing the effect of reasonably possible reduction in growth rates and forecast cash flows and evaluating the adequacy of the standalone financial statements, including disclosures, judgments and sensitivities. Involving independent valuation specialist to assist in evaluating the appropriateness of the</p>

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the stand-alone financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Our Opinion is not modified in respect of these matters.

- As per the management, since the thresholds of local laws for Sintex Holdings B.V. (Netherlands) & Sintex Logistics LLC (USA) for audit are not achieved, management certified accounts have been considered.
- We draw attention to Note 58 of the Consolidated Financial Statements which states that Although previously applicable, this is the first year of consolidation and hence comparative figures have not been presented in the accompanying consolidated financial statements. While conducting the exercise of consolidation, notional receivables posted by the Holding Company in the names of Sintex Holdings B.V. (Rs. 3.86 crores, rounded) and its subsidiary Sintex NP SAS (Rs. 3.28 crores, rounded) for tax computations being notional in nature did not reconcile. As per the management, said balances will be subsequently reversed in the next financial year to reconcile said amounts.
- We draw attention to Note 53 of the Consolidated Financial Statements which states that during the year, the Group had identified inventories which did not meet the quality parameters and were rendered unusable. These stocks were either scrapped off during the year or recognized at cost or NRV, whichever is less.



<p>assumptions of valuation, which included capital with sector averages for the relevant markets, royalty rate, discount rate, terminal year growth rate.</p>		
<p>Our audit procedures in this area included, among others:</p> <p>A. assessing the appropriateness of the accounting policies in respect of deferred taxes.</p> <p>B. assessing the reasonableness of future taxable profits</p> <p>C. challenging the key underlying assumptions used in forecasting future taxable profits and timing of reversal of temporary differences while also considering expiration of tax credits</p> <p>D. evaluating the appropriateness of disclosures in Note 22 of the standalone financial statements.</p>	<p>Recognition & measurement of the deferred taxes.</p> <p>See Note 33D to the Consolidated Financial Statements.</p> <p>The Group has recognized MAT credit of Rs. 90.67 Cr.</p> <p>The recognition of the MAT Credit Entitlement involves significant judgment as to the extent there is convincing evidence that the company will generate future taxable profits sufficient to utilize deductible temporary differences, tax credits and tax losses (before they expire)</p> <p>We have determined this as a key audit matter, due to uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.</p>	<p>2</p>
<p>In the view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <p>A. evaluating and testing the design and implementation of controls in respect of compliance with debt covenants.</p> <p>B. Sending independent balance confirmations to the lenders and bankers for balances as at 31.3.2020, which remained un-responded by them and hence reliance was placed upon the bank account statements furnished by the company.</p>	<p>Testing of debt covenants The Group has significant amount of outstanding of borrowing of Rs. 2429.77 Cr. Since the overall borrowing is significant with financial covenants as key audit matter.</p>	<p>3</p>
<p>As at 31.3.2020, the company has classified all borrowings from banks as current, since the account turned into a Non-Performing Asset in Banking.</p>	<p>The predecessor auditor of Holding Company had issued a qualified opinion on account of classification of borrowings as Long Term from lenders who did not confirm continuance of applicability of original repayment schedule</p>	<p>4</p>



Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We have nothing to report in this regard.

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

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company, and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the Companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.



- Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
- Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.
- As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated 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)(b) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group (Company and subsidiaries) to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for



direction, supervision and performance of the audit of financial information of such entities. For the entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the 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 financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

Other Matters

(a) We did not audit the financial statements of subsidiary company, whose financial statements reflect total assets of Rs. 56.86 crores as at 31st March 2020, total revenues of Rs. 39.71 crores and net cash outflows amounting to Rs. 0.58 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated and AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) We did not audit the financial statements of 1(One) subsidiary company (including 1(One) stepdown subsidiaries) located outside India whose financial statement reflect total assets of 25.44 Crores as at 31st March 2020, total revenues of Rs. 43.46 crores and net cash inflows amounting to Rs. 258.36 crores for the year ended on that date which have been prepared in accordance with accounting principles generally accepted in their respective countries and which have not been audited as per the applicable law in that country. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated annual financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements.

The Subsidiary Company's management has converted the financial statements of such subsidiary located outside India from Other GAAP to accounting principles generally accepted in India for the year from 1st April 2019 to 31st March 2020. Subsidiary company's management has reviewed these conversion adjustments. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the Management Certification.



Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

(a) Except for the effects of the matter described in the Basis for Qualified Opinion, 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 of the aforesaid consolidated financial statements.

(b) Except for the effects of the matter described in the Basis for Qualified Opinion, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) Except for the effects of the matter described in the Basis for Qualified Opinion, the consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) Except for the effects of the matter described in the Basis for Qualified Opinion, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

(i) The consolidated financial statements disclose the impact of pending litigations as at 31st March 2020 on the consolidated financial position of the Group. Refer Note 38 to the consolidated financial statements.

(ii) Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31st March 2020.

(iv) The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31st March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16)

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary company incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies, to its directors is in accordance with the provisions of Section 197 read with Schedule V of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies is not in excess of the limit laid down under Section 197 read with Schedule V 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 us.

FOR, PIPARA & CO LLP
CHARTERED ACCOUNTANTS
FRN No. 107929W/M100219

Namam Pipara
PARTNER
M.No. 140234
UDIN: 20140234AAAAAHZ9159



Date: 31st August, 2020
Place: Ahmedabad

ANNEXURE to Independent Auditors Report on Consolidated Financial Statements for the year ended March, 31 2020

List of entities included in the Statement

Subsidiary Entities

1. BAPL Rototech Private Limited
2. Sintex Holdings B.V. (Netherlands)
3. Sintex Logistics LLC (USA)
4. Sintex NP SAS (ceased to be a stepdown subsidiary of Sintex-BAPL Limited through Sintex Holdings B.V. w.e.f. 24th October, 2019)





Annexure A to the Independent Auditors' Report

Referred to in paragraph 1(f) under the heading 'Report on other Legal and Regulatory Requirements' of the Independent Auditors' Report of even date to the members of SINTEX-BAPL LIMITED on the Consolidated Financial Statements for the year ended March 31, 2020

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 SINTEX-BAPL LIMITED (hereinafter referred to as "the Holding Company"), as of March 31, 2020 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 Holding Company's internal financial controls over financial reporting of the Company 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 on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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