



## INDEPENDENT AUDITOR'S REPORT

To the Members of Clix Housing Finance Limited

### Report on the Audit of the Ind AS Financial Statements

#### Opinion

We have audited the accompanying Ind AS financial statements of **Clix Housing Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, 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 ended, and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs of the Company as at March 31, 2022, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Ind AS financial statements.

#### Emphasis of Matter

We draw attention to the following matters in the notes to the Ind AS financial statements:

Note 6.7 to the Ind AS financial statements, which explains the management's evaluation of the financial impact due to COVID-19 pandemic. The assessment of the impact is highly subjective and dependent upon the circumstances as they evolve.

#### Key Audit Matters



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current year. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<b>Impairment of Financials assets</b> (as described in Note 6.3 of the Ind AS financial statements)	
<p>The Company's impairment provision for financial assets is based on the expected credit loss (ECL) approach laid down under 'Ind AS 109 Financial Instruments'. ECL involves an estimation of probability-weighted loss on the financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of its financial assets (loans and advances). In the process, a significant degree of judgement has been applied by the management in respect of following matters:</p> <ol style="list-style-type: none"> <li>a. Defining thresholds for significant increase in credit risk ('SICR') and 'default'.</li> <li>b. Grouping of loans under homogenous pools to determine probability of default on a collective basis and calculation of past default rates.</li> <li>c. Estimation of management overlay for macro-economic factors which could impact the credit quality of the loans.</li> </ol> <p>Considering the evolving nature of the COVID-19 pandemic, which has continued to impact the Company's business operations, resulting in higher loan losses, the Company has considered management overlay as part of its ECL, to reflect among other things the increased risk of deterioration in macro-economic factors.</p> <p>Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including</p>	<ul style="list-style-type: none"> <li>• Our audit procedures included considering the Company's accounting policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109 and the governance framework approved by the Board of Directors pursuant to various Reserve Bank of India guidelines.</li> <li>• Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework 2.0 for COVID-19-related Stress of Micro, Small and Medium Enterprises" issued by RBI on May 5, 2021 and tested the implementation of such policy on a sample basis.</li> <li>• Assessed the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets and their appropriateness for determining the probability of default (PD) and loss-given default (LGD) rates.</li> <li>• Tested controls for staging of loans based on their past-due status. Also tested samples of stage 1 and Stage 2 loans to assess whether any loss indicators were present requiring them to be classified under higher stages.</li> <li>• Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on one-time restructuring.</li> <li>• Tested samples of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of account and records.</li> </ul>



<p>governmental and regulatory measures and the Company's responses thereto, the actual credit loss can be different than that being estimated.</p> <p>In view of the high degree of management's judgement involved in estimation of impairment allowance it is considered as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic).</li> <li>• Tested the arithmetical accuracy of computation of ECL provision performed by the Company.</li> <li>• Verified the disclosures made in the Ind AS financial statements in respect of ECL as required under Ind AS 107 and 109.</li> </ul>
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### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Ind AS financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.

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

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

### Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS



financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 this Ind AS 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 Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the



audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

The audit of Ind AS financial statements for the year ended March 31, 2021 was carried out and reported by the Company's predecessor auditors' M/s. S.R. Batliboi & Associates LLP, vide their unmodified audit report dated June 04, 2021, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the Ind AS financial statements.

Our report is not modified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we report in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;



- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
- d. In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. On the basis of the written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";
- g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.

- h. 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:
  - (i) The Company does not have any pending litigations which would impact its financial position;
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There has been no amount which is to be transferred to investor education and protection fund.
  - (iv)
    - (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any



manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that are considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The Company has not declared nor paid any dividend during the year. Hence, reporting the compliance with section 123 of the Act is not applicable.

**For DMKH & Co**

Chartered Accountants

ICAI Firm Registration No.:116886W



Manish Kankani

Partner

Membership No.:158020

UDIN: 22158020AJWTAT7001



## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of **Clix Housing Finance Limited** ("the Company") on the Ind AS financial statements for the year ended March 31, 2022]

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS financial statements of the Company and taking into consideration the information, explanations and written representation given to us by the management and the books of account and other records examined by us in the normal course of audit, we report that:

- (i)
  - (a) (A) The Company does not have any Property, Plant and Equipment and accordingly, reporting under clause (i)(a)(A), (i)(b) and (i)(c) of paragraph 3 of the Order is not applicable.
  - (a) (B) The Company has maintained proper records showing full particulars of Intangible Assets.
  - (b) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and/or Intangible Assets during the year. Accordingly, reporting under clause (i)(d) of paragraph 3 of the Order is not applicable.
  - (c) No proceedings have been initiated or are pending against the Company as at March 31, 2022 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii)
  - (a) The Company is in the business of non-banking financial services consequently, does not hold any inventory. Therefore, reporting under clause (ii)(a) of paragraph 3 of the Order is not applicable.
  - (b) The Company has been sanctioned working capital limits in excess of five crore rupees during the year, in aggregate from banks and financial institutions, on the basis of security of current assets. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of account of the Company.
- (iii)
  - (a) The Company's principal business is to give loans and therefore, reporting under clause (iii)(a) and (e) of paragraph 3 of the Order are not applicable.





- (b) The investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided by the Company during the year are not, prima facie, prejudicial to the interest of the Company.
- (c) In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular except for certain instances as below:

Outstanding of overdue loans as on March 31, 2022

Particulars – Days Past Due	Overdue (Including interest) (Rs. in thousands)	No. of Cases
1-30	80,337	35
31-90	1,32,725	54
More than 90	65,425	28
<b>Total</b>	<b>2,78,487</b>	<b>117</b>

- (d) In respect of the aforesaid loans and advances in the nature of loans, the details of amount which is overdue for more than ninety days is as below:

No. of Cases	Overdue ( Including interest) (Rs. in thousands)	Remarks
28	65,425	Reasonable steps have been taken by the Company for recovery of the principal and interest.

- (e) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) The company has not granted any loans or provided any guarantees or given any security or made any investments to which the provision of section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the order is not applicable to the Company.
- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules 2014 (as amended). Accordingly, reporting under clause (v) of paragraph 3 of the Order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of section 148 of the Act and the rules framed there under.



(vii)

- (a) The Company is regular in depositing with the appropriate authorities, undisputed statutory dues including Goods and Services tax (GST), provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it.

No undisputed amounts payable in respect of GST, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) There are no dues with respect to GST, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and cess, which have not been deposited on account of any dispute.

(viii)

We have not come across any transaction which were previously not recorded in the books of account of the Company that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix)

- (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) Pending utilization of the term loan for the purpose for which they were obtained, the funds were temporarily placed in liquid investments but were ultimately utilized for the purpose for which they were obtained.
- (d) On an overall examination of the Ind AS financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the Ind AS financial statements of the Company, the Company does not have any subsidiary, associate or joint venture, accordingly reporting under clause (ix)(e) and (ix)(f) of paragraph 3 of the Order are not applicable.

(x)

- (a) The Company has not raised money by way of initial public offer/further public offer (including debt instruments) during the year. Therefore reporting under clause (x)(a) of paragraph 3 of the Order is not applicable.



- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, reporting under clause (x)(b) of paragraph 3 of the Order is not applicable.
- (xi)
- (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the course of our audit except 2 instances of customer frauds noticed by the management aggregating to Rs. 14,206 thousands which have duly been reported to the RBI.
- (b) No report under section 143(12) of the Act has been filed with the Central Government by the auditors of the Company in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, during the year or upto the date of this report.
- (c) There are no whistle blower complaints received by the Company during the year and upto the date of this report.
- (xii) In our opinion, and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) All transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the Internal Audit Reports of the Company issued till date, for the period under audit.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) As per the information and explanations provided to us and based on the overall operations of the Company, the Company is not required to obtain registration under section 45-IA of the Reserve Bank of India Act.
- (b) The Company has a valid Certificate of Registration (CoR) from the National Housing Bank (NHB) under section 29A of the National Housing Bank Act 1987, for conducting Housing Finance activities.



- (c) The Company is not a Core Investment Company (CIC) as defined in Core Investment Companies (Reserve Bank) Directions, 2016 (“Directions”) by the Reserve Bank of India. Accordingly, reporting under clause (xvi)(c) and (d) of paragraph 3 of the Order are not applicable.
- (xvii) The Company has not incurred cash losses in the current and the immediately preceding financial year.
- (xviii) There has been resignation of the statutory auditors during the year, however no issues, objections or concerns were raised by the outgoing auditors.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Ind AS financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which cause us to believe that any material uncertainty exists as on the date of this audit report and that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The provisions of section 135 of the Act are not applicable to the Company. Hence, reporting under clause (xx) of paragraph 3 of the Order is not applicable

For DMKH & Co  
Chartered Accountants  
ICAI Firm Registration No. 116886W

  
Manish Kankani  
Partner  
Membership No.: 158020  
UDIN: 22158020AJWTAT7001



Place: Mumbai  
Date: May 30,2022

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of **Clix Housing Finance Limited** on the Ind AS financial statements for the year ended March 31, 2022]

### **Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **Clix Housing Finance Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the 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 with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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 audit opinion on the Company's internal financial controls with reference to financial statements.



## Meaning of Internal Financial Controls with reference to Financial Statements

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

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For DMKH & Co  
Chartered Accountants  
ICAI Firm Registration No.116886W

*Manish Kankani*

Manish Kankani  
Partner

Membership No.: 158020

UDIN: 22158020AJWTAT7001

Place: Mumbai

Date: May 30,2022

