

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF GMR ENERGY TRADING LIMITED**

**Report on the Audit of the Standalone Financial Statements**

**Qualified Opinion**

We have audited the accompanying standalone financial statements of **GMR ENERGY TRADING LIMITED** ('the Company'), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Qualified Opinion**

- a. We refer to Note No. 12(i)(b) to the accompanying standalone financial statements for the year ended March 31, 2022, with regard to liquidation of security cover for Rupee Term Loan – II ('RTL-II') amounting to Rs. 8,160.00 Lakhs obtained from Yes Bank Limited which are disclosed as secured and non-current for the reasons stated therein in the said note. In the absence of any confirmation from the Bank to this effect and considering the asset security has been liquidated, we are unable to comment on the said classification, disclosures and its effects thereon.
- b. We refer Note No 31 to the accompanying standalone financial statements for the year ended March 31, 2022, wherein the company is implementing the processes to ensure necessary compliances as per CERC (Procedures, terms and conditions for grant of trading license and other related matters) Regulation 2020 in respect of its non-compliances. We are unable to comment on the penal implications, if any of such non-compliance as stated in the said note.

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

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**Emphasis of Matter**

We draw attention to the following note to the accompanying standalone financial statements for the year ended March 31, 2022:

- a. Note 9(a), in relation to the capital advances given by the Company to its related parties amounting to Rs. 38,431.00 Lakhs. The execution of final sale deed is dependent on receipt of approvals from statutory authorities and lenders against whom these properties are pledged.

Our opinion is not modified in respect of above matter.

**Information other than the Standalone Financial Statements and Auditor's Report thereon**

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

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the report containing other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the management of the Company 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 the management of the Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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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.

#### **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 sub-section (11) of Section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, based on our audit we report that:
  - a) We have sought and except for the matter described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) except for the possible effects of the matters described in the Basis for Qualified Opinion section, 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, the statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account;
  - d) except for the possible effects of the matters described in the Basis for Qualified Opinion section, in our opinion, the aforesaid standalone financial statements comply with Indian Accounting standards specified under section 133 of the Act read with the Companies (Indian Accounting standards) Rules, 2015 as amended;
  - e) the matters described in the Basis for Qualified Opinion section, 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 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;
  - g) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above;
  - h) with respect to the adequacy of the internal financial controls with reference to standalone financial statement of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B';

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- 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:

In our opinion and to the best of our information and according to the explanations given to us, 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) 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 has disclosed the impact of pending litigations on its financial position to the extent quantifiable in its standalone financial statements – Refer Note No. 30 to the standalone financial statements;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv.
  - a. Management has represented to us that, to the best of it's knowledge and belief, (other than as disclosed in the notes to the accounts) 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 persons or entities, 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. Management has represented to us that, to the best of it's knowledge and belief, (other than as disclosed in the notes to the accounts) 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 our audit procedures conducted that are considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation given by the management as mentioned above under paragraph (2)(i)(iv) (a) & (b) contain any material misstatement.

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v. The Company has neither declared nor paid any dividend during the year.

**for CHATURVEDI & SHAH LLP**  
Chartered Accountants  
Firm Registration Number : 101720W / W100355

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MHALSEKAR

Digitally signed by LALIT RAMKRISHNA MHALSEKAR  
DN: cn=LALIT RAMKRISHNA MHALSEKAR, o=CHATURVEDI & SHAH LLP, ou=CHATURVEDI & SHAH LLP, email=lalit.mhalsekar@chaturvediandshah.com, c=IN  
Date: 2022.04.29 10:07:12 +05'30'

**Lalit R Mhalsekar**  
Partner  
Membership Number: 103418

**UDIN: 22103418AIIPOAI050**

Place: Mumbai  
Date: April 29, 2022





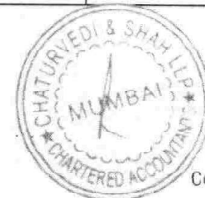
**ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT**

In terms of the Annexure referred to in our report to the members of **GMR ENERGY TRADING LIMITED** ("the Company") on the standalone financial statements for the year ended March 31, 2022, we report that:

- i) a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- b) According to the information and explanation given to us, Property, Plant and Equipment have been physically verified by the Management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. 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 on the basis of our examination of the records of the Company, the company does not own any freehold immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) and the Company does not have any lease/sublease deed on leasehold land registered in the name of the company.
- d) According to information and explanations given to us and books of accounts and records examined by us, Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- e) According to information, explanations and representation given to us by the management, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- ii) a) The company is involved in the business of energy trading and as such there are no inventories maintained by the company. Therefore, Paragraph 3 (ii)(a) of the Order is not applicable to the company.
- b) According to the information and explanations given to us, and examination of books of account and other records produced before us, in our opinion quarterly returns or statement emailed by the Company with banks pursuant to terms of sanction letter for working capital limits secured by current assets are in agreement with the books of account of the Company except as disclosed below:

Quarter	Amount as per Statement (Rs in Lakhs)	Amount as per Books (Rs in Lakhs)	Excess / (Short) (Rs in Lakhs)	Remarks
June 30, 2021	27,046.60	22,057.05	4,989.55	Excess is due to inclusion of Unbilled revenue balance with Trade receivables, which has been discontinued subsequently.
December 31, 2021	25,679.40	25,292.65	3,86.75	

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iii) As per the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has granted interest bearing unsecured loans to bodies corporate. During the year the Company has not made investments in, provided any guarantee or security to companies, firms, limited liability partnerships or any other parties other than unsecured loan to bodies corporate as mentioned above.

a) As per the information and explanation given to us and on the basis of our examination of the records of the Company, we state that:

A) Details of loan granted to subsidiaries, joint ventures and associates:

Nature of parties	Aggregate amount of loans granted during the year	Balance outstanding as at balance sheet date in respect of loans granted
Associates/Fellow subsidiaries	Rs.15,247.50 Lakhs	Rs.5,176.27 Lakhs

As represented to us, the Company has not provided guarantees or security to subsidiaries, joint ventures, and associates

B) The Company has not granted any loans, provided guarantees or security to parties other than subsidiaries, joint ventures, and associates

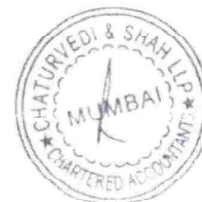
b) In our opinion and according to the information and explanation given to us and on the basis of our examination of the records of the Company, the terms and conditions on which the loans had been granted were not, prima facie, prejudicial to the company's interest. The Company, during the year has not made any investments and provided guarantees or security to parties.

c) In our opinion and according to the books of accounts and records examined by us in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated in the original/ renewal agreements except in respect of advance amounting to Rs. 38,431 lakhs given to one of the associate companies wherein the repayment of interest has not been stipulated. The repayment or receipts are generally regular except for the following cases:

Name of the Entity	Interest Amount	Due Date	Extent of delay	Remarks , if any
GMR Energy Limited	33.27 Lakhs	March 29, 2021	107 days	
GMR Energy Limited	192.00 Lakhs	February 28, 2022	Unpaid as at Balance sheet date	

d) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, there were no overdue amounts remaining outstanding at the year end for more than ninety days.

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- e) In our opinion and according to the information and explanation given to us and on the basis of our examination of the records of the Company, the loans granted to bodies corporate has been renewed or extended or fresh loan granted to the same parties aggregating to Rs.3,306.27 Lakhs and the percentage of the aggregate to the loans granted during the year is 21.68%. The party-wise details are given below:

Name of the party	Aggregate amount of existing loans renewed or extended or settled by fresh loans	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
GMR Energy Limited	Rs.3,306.27 Lakhs	21.68%
Total	Rs. 3,306.27 Lakhs	21.68%

- f) In our opinion and according to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment, hence requirement of paragraph 3 (iii) (f) is not applicable.
- iv) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has complied with the provision of Section 186 of the Act in respect of investment made or loans or guarantee or security provided to the parties covered under Section 186 of the Act.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits and amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provision of paragraph 3(v) of the Order is not applicable to the Company. There are no orders from Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi) The maintenance of cost records has not been specified by the Central Government under sub section (1) of Section 148 of the Act for the business activities carried out by the Company. Hence reporting under Clause 3(vi) of the Order is not applicable to the Company.
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year the Company has been generally regular in depositing the undisputed statutory dues including goods and services tax, provident fund, employee state insurance, income-tax, duty of customs, professional tax, cess and other material statutory dues applicable to it with the appropriate authorities

According to the information and explanations given to us, no undisputed statutory dues were outstanding, at the year end, for a period of more than six months.



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- b) According to the information and explanation given to us and records of the Company, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.
- viii) In our opinion and according to the information, explanations and representation given to us by the management, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- ix) a) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender except the followings.

Nature of Borrowing	Name of the Lender	Amount not paid on due date (Rs in Lakhs)	Whether principal or interest	No of days delay / unpaid	Remarks
Secured Term Loan	Yes Bank Limited	724.77	Principal	75	
Secured Term Loan	Yes Bank Limited	2,904.49	Interest	23 to 89 days	
Secured Term Loan	Yes Bank Limited	905.95	Principal	Unpaid as on balance sheet date	Due on 18.03.2022
Secured Term Loan	SREI Equipment Finance Limited	750.00	Principal	Unpaid as on balance sheet date	Due on 31.03.2022

- b) In our opinion and according to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence requirement of paragraph 3(ix)(c) of the Order is not applicable to the Company.
- d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that, *prima facie*, no funds raised on short-term basis have been used during the year for long-term purposes by the Company.



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- e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures hence requirement of paragraph 3(ix)(e) of the Order is not applicable to the Company.
- f) According to the information and explanations given to us and on the basis of our examination of the records of the company, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies hence requirement of paragraph 3(ix)(f) of the Order is not applicable to the Company.
- x) a) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) hence requirement of paragraph 3(x)(a) of the Order is not applicable to the Company.
- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- xi) a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- b) According to the information and explanations given to us, no report under sub-section 12 of section 143 of the Act has been filed by auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.
- xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv) a) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has adequate internal audit system commensurate with the size and nature of its business.



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- b) We have reviewed and considered the reports of Internal auditors for the period under audit.
- xv) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected to its directors as referred to in Section 192 of the Act.
- xvi) a) To the best of our knowledge and as explained, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.
- b) In our opinion, and according to the information and explanations provided to us and on the basis of our examination of the records of the Company, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year as per the Reserve bank of India Act 1934.
- c) In our opinion, and according to the information and explanations provided to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- d) As represented by the management, the Group has two Core Investment Companies (CICs) as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016.
- xvii) In our opinion, and according to the information and explanations provided to us, Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii) There has been no resignation of the statutory auditors during the year. Accordingly, paragraph 3(xviii) of the Order is not applicable.
- xix) According to the information and explanations given to us and 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 financial statements, our knowledge of the Board of Directors and management plans and based on our review of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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 the 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.



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- xx) a) In our opinion and as per the information and explanations received by us by the management of the Company, the Company does not have any unspent amount in respect of other than ongoing projects, which is required to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.
- b) In our opinion and as per the information and explanations received by us by the management of the Company, the Company does not have any unspent amount in respect of ongoing projects, which is required to be transferred to Special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly paragraph 3(xx)(b) of the Order is not applicable.
- xxi) In our opinion, Company is not required to prepare the consolidated financial statement under sub-section 3 of section 129 of the Act. Therefore, provisions of Paragraph 3 (xxi) of the Order is not applicable to the Company.

**for CHATURVEDI & SHAH LLP**

Chartered Accountants

Firm Registration Number : 101720W / W100355

LALIT RAMKRISHNA  
MHALSEKAR

Digitaly signed by LALIT RAMKRISHNA MHALSEKAR  
on 2022.04.29 10:50:00 AM (UTC+05:30)  
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**Lalit R Mhalsekar**

Partner

Membership Number: 103418

**UDIN: 22103418AIIPOA1050**

Place: Mumbai

Date: April 29, 2022



**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

**Report on the Internal Financial Controls 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 standalone financial statement of **GMR ENERGY TRADING LIMITED** ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 internal financial controls with reference to standalone financial statement 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 Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statement. 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 standalone financial statement were 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 with reference to standalone financial statement and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statement included obtaining an understanding of internal financial controls with reference to standalone financial statement, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 system with reference to standalone financial statement.



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### **Meaning of Internal Financial Controls with reference to standalone financial statements**

A company's internal financial control with reference to standalone financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statement 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 standalone 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 standalone financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to standalone financial statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statement, 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 standalone financial statement to future periods are subject to the risk that the internal financial control with reference to standalone financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls with reference to standalone financial statements as at March 31, 2022:

The Company's internal control system with respect to classification and disclosure of Rupee Term Loan II (RTL -II) as secured and non-current was not operating effectively in spite of liquidation of the security cover as more so fully explained in Note no 12(i)(b) to the accompanying standalone financial statements, which could result in the Company not providing for adjustment, if any that may be required and its consequential impact on the accompanying financial statements.

The Company's internal control system with regard to compliances with CERC (Procedures, terms and conditions for grant of trading license and other related matters) Regulation 2020, were not operating effectively as fully explained in Note no 31 to the accompanying standalone financial statements, which could result in the Company not providing for adjustment, if any that may be required and its consequential impact on the accompanying financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, 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.



Contd... 3



Continuation sheet...

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In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements as at March 31, 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI, and except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022.

**for CHATURVEDI & SHAH LLP**  
Chartered Accountants  
Firm Registration Number : 101720W / W100355

LALIT RAMKRISHNA  
MHALSEKAR

**Lalit R Mhalsekar**  
Partner  
Membership Number: 103418

**UDIN: 22103418A11POA1050**

Place: Mumbai  
Date: April 29, 2022

