

## 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, 2021, the statement of Profit and Loss (including the 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 matter 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, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis of Qualified Opinion

We refer to Note No. 12(i)(b) to the accompanying standalone financial statements for the year ended March 31, 2021, with regard to liquidation of security cover for Rupee Term Loan – II ('RTL- II') amounting to Rs. 8,330.00 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.

We conducted our audit of the accompanying standalone financial statements 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 there-under, 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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-2-

### **Emphasis of Matter**

We draw attention to the following notes to the accompanying standalone financial statements for the year ended March 31, 2021 :

- 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.
- b) Note No. 40, with regard to management's evaluation of impact of Covid-19 on the future performance of the Company.

Our opinion is not modified in respect of the above matters.

### **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 the Board's Report including Annexures to Board's Report, but does not include the Standalone financial statements and our auditor's report thereon.

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

The Board's Report including Annexures to Board's Report is not made available to us at the date of this auditor's report. 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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-3-

In preparing the Standalone financial statements, the 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.

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

### **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 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.

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-4-

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.

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, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in 'Annexure A', a statement on the matters specified in the Paragraphs 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, 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 Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the 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 Accounting standards specified under section 133 of the Act;
  - 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

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-5-


- 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 statements of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
- 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 information and 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 – Refer Note No. 32 to the Standalone financial statements; and
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Chaturvedi & Shah LLP**  
Chartered Accountants  
Firm Registration Number: 101720W/W100355

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

**UDIN: 21103418AAAAEA4463**

Place: Mumbai  
Date: June 03, 2021

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

In terms of the Annexure “A” referred to in our report to the members of the **GMR ENERGY TRADING LIMITED** (“the Company”) on the Standalone financial statements for the year ended March 31, 2021, we report that:

- i)
  - a) The Company has maintained proper records showing full particulars, including quantitative details of property, plant and equipment (PPE) and Intangible assets except for updation of situation of certain Assets.
  - b) According to the information and explanation given to us, the Property Plant and Equipment (PPE) have not been physically verified by the Management during the year due to limitations imposed by the Covid-19 Pandemic, in terms of the managements planned programme of verifying PPE once in three years.
  - c) There are no immovable properties in the name of the Company and accordingly Paragraph 3(i)(c) of the Order is not applicable to the Company.
- ii) 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) of the order is not applicable to the company.
- iii) As per the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, LLP’s or other parties listed in the register maintained under Section 189 of the Act. Consequently requirements of Paragraph 3(iii)(a),(b) and (c ) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act to the extent applicable, in respect of grant of loans. There were no loans granted during the year under Section 185 of the Act. The Company has not made any investments nor has given guarantees and securities.
- v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, 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 central government has not prescribed maintenance of cost records for the business activities carried out by the company under sub-section (1) of Section 148 of the Act. Consequently, requirements of Paragraph 3(vi) of the Order is not applicable to the Company.

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-2-

- 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 generally been regular in depositing the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other material statutory dues applicable to it with the appropriate authorities though delays have been noticed in depositing of Tax Deducted at Source, Tax Collected at Source and Professional Tax. As explained to us, during the year, the Company did not have any dues on account of duty of excise, duty of customs and employee state insurance.

According to the information and explanations given to us, no undisputed statutory dues were outstanding for a period of more than six months, as on the last day of the financial year except the following :

Name of the Statute / Relevant Authority	Nature of Dues	Year to which it pertains	Amount Payable (Amount Rs. in Lakhs)	Remarks
Karnataka Tax and Profession, Trade, Callings and Employment Act, 1976	Professional Tax	FY 2016-17	0.01	Not Yet paid
		FY 2017-18	0.01	
		FY 2018-19	0.01	
		FY 2019-20 (up to Aug-19)	0.01	

- b) According to the information and explanation given to us and records of the Company, there are no dues of income tax, goods and service tax, sales tax, service tax, duty of customs, value added tax or cess or other material statutory dues which have not been deposited on account of any dispute.

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- viii) According to the information and explanation given to us and on verification of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to financial institution, Banks except for the following\* :

SL. No	Particulars	Amount of loans or borrowings not repaid as at March 31, 2021 (Rs. in Lakhs)	Period	Remarks
01.	Yes Bank Limited	211.61	14 days	Not yet paid
02.	Yes Bank Limited	90.75	13 Days	Not yet paid

During the year, there were delays noted in repayments made to Yes Bank Limited amounting to Rs. 302.40 Lakhs ranging from 4 to 197 days from the date they were due. These were made good by the Company before March 31, 2021. The delays disclosed herein exclude interest principalised during the year of Rs. 1,711.77 Lakhs in terms RBI Circular on Covid-19 Regulatory Package vide circular No. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020.

Further, the Company has not issued any debentures to any party and has not taken any loans from Government as at March 31, 2021.

- ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x) During the course of examination of books of account 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, we have not come across with any material fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have been informed of such case by the Management.
- xi) 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 paid / provided for managerial remuneration in accordance with the adequate approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- 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) of the Order is not applicable.

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-4-

- 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) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under Paragraph 3(xiv) of the Order is not applicable to the Company.
- xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Chaturvedi & Shah LLP**

Chartered Accountants

Firm Registration Number: 101720W/W100355

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**Lalit R Mhalsekar**

Partner

Membership Number: 103418

**UDIN:** 21103418AAAAEA4463

Place: Mumbai

Date: June 03, 2021

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

### **Report on the Internal Financial Controls with reference to the aforesaid standalone 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 standalone financial statements of **GMR Energy Trading Limited** ("the Company") as of March 31, 2021 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 Company is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone 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 ('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 standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note 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 with reference to standalone financial statements. 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 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 system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 Statements.

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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 statements 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 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 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements 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, 2021:

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 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.

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.

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In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements as at March 31, 2021, 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, 2021.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended March 31, 2021, and the material weaknesses have affected our opinion on the standalone financial statements of the Company and we have issued a Qualified opinion on the standalone financial statements

**For Chaturvedi & Shah LLP**

Chartered Accountants

Firm Registration Number: 101720W/W100355

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**Lalit R Mhalsekar**

Partner

Membership Number: 103418

**UDIN:** 21103418AAAAEA4463

Place: Mumbai

Date: June 03, 2021