S. JAYKISHAN

Chartered Accountants

A compilation of COVID-19 related disclosures made in the Auditor's Report and Financial Statements of the listed Companies

Disclaimer

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COVID – 19 (DISCLOSURES MADE BY COMPANIES IN F.Y. 2019-2020)

Updated 11.06.2020

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Additional Notes

Generic Note

Covid- 19 has been declared as a global pandemic, the Indian Govt has declared the complete lockdown since March 24, 2020 and the same is continuing with minor exemptions and essential services were allowed to operate with limited capacity. Capital markets and banking services have been declared as essential services and accordingly, the Company has been continuing the operations with minimal permitted staff at branches. However other employees were encouraged to work from home. All operations and servicing of clients were smoothly ensured without any interruptions as the activities of trading, settlement, DP, Stock Exchanges and depositories functions have been fully automated and seamless processes. Based on the facts and circumstances, the Company has been operating in the normal course and there have been no adverse impacts on the assets, liquidity, revenues or operational parameters during the quarter and year ended as on March 31st, 2020. The Company is closely monitoring any material changes on a continuous basis.

Adani Enterprises Limited (Auditor- Shah Dhandharia & Co. - Ahmedabad)

Auditors' Report

Emphasis of Matter

We draw your attention to Note 56 to the Standalone Financial Statements which explains the management's assessment of the financial impact due to the lock-down and other restrictions and conditions related to the COVID - 19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key Audit Matters

External Confirmations

Non-responses of external confirmations request perpetrated pursuant to SA 505 COVID-19 has impacted the procedure of external confirmation request to vendors and customers. Postal facilities were not available in the near-end of the financial year. To combat this, we had sent positive external confirmation requests through electronic modes. However, due to suspension of business activities of many confirming parties, there are fewer confirmations received than anticipated.

In such events, in accordance with SA, auditors have to revise the assessed risk of material misstatement at the assertion level, and modify the planned audit procedures. SA also directs the auditors to perform alternative audit procedures.

Auditor's Response

We revised our assessed risk and have modified our audit procedures to mitigate these risks. We have obtained a reliable assurance pertaining to transactions with confirming parties, in the sense for accurate and complete processing of routine and significant classes of transactions such as revenue, purchases and cash receipts or cash purchases. We selected samples and tested the effectiveness of controls relating to accuracy and completeness of transactions in totality considering the frequency and regularity of transactions. We performed alternative audit procedures like follow-up confirmation requests, verification of subsequent payments and receipts to verify part of the balances appearing in the original confirmation requests.

CARO

Inventory

The inventory, other than stocks lying with third parties, has been physically verified by the management during the year. Full verification could not be conducted due to COVID-19 outbreak. However, alternate audit procedures were applied for verifying physical presence of the balance inventory. In our opinion, the frequency of verification is reasonable. In respect of stocks lying with third parties at the year-end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

Additional Notes

Generic Note

Due to outbreak of COVID-19 globally and in India, the Company's management has made initial assessment of likely adverse impact on business and financial risks, and believes that the impact is likely to be short term in nature. The management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

Adani Green Energy Limited (Auditor - B S R & Co. LLP - Mumbai)

Additional Notes

Generic Note

Due to outbreak of COVID-19 globally and in India, the Company's management has made initial assessment of impact on business and financial risks on account of COVID-19. Considering that the Company is in the business of Renewable Energy which is considered to be an Essential Service, the management believes that the impact of this outbreak on the business and financial position of the

Company will not be significant. The management does not see any risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due. Further, Ministry of New and Renewable Energy (MNRE) has issued office memorandum dated 17th April, 2020 stating the Time-Extension in Scheduled Commissioning Date of RE Projects considering disruption due to lockdown time and additional thirty days (30 days) for normalisation after end of such lockdown due to COVID-19.

Adani Ports and Special Economic Zone Limited (Auditor - Deloitte Haskins & Sells LLP - Ahmedabad)

Auditors' Report

Emphasis of Matter

Note 4(b)(ii) to the standalone financial statements regarding the management's assessment of investments of Rs. 115.89 crore and outstanding loan aggregating Rs. 440.30 crore (including accrued interest of Rs. 59.35 crore) in Adani Murmugao Port Terminal Private Limited ("AMPTPL") and investments of Rs. 120.05 crore and loans aggregating Rs. 1,313.49 crore (including interest accrued Rs. 78.87 crore) in Adani Kandla Bulk Terminal Private Limited ("AKBTPL"), as at March 31, 2020 being considered recoverable based on the various judgements and estimates related to cargo traffic, port tariffs, inflation, discount rates, implications expected to arise from COVID-19 pandemic, and operational benefits over the balance concession period to determine the cash flows for AMPTPL and AKBTPL and receipt of future relaxation of revenue share on storage charges in case of AMPTPL. Accordingly, for the reasons stated therein in the said Note, no provision towards impairment is considered necessary at this stage.

Notes to Accounts

Investments

The Company has determined the recoverable amounts of its investments and loans in these subsidiaries as at March 31, 2020 by considering a discounted cash flow model. This valuation is based on significant estimates & judgements to be made by the management as regards the benefits of the rationalisation on revenue received on one subsidiary and the relaxation expected for the other subsidiary, the short-term implication expected to arise from the COVID-19 event, as well as with respect to cargo traffic, port tariffs, inflation, discount rates, revenue share on income which have been considered over the remaining concession period and are considered reasonable by the Management. On a careful evaluation of the aforesaid factors, the Company's management has concluded that no provision for impairment in respect of such investments and loans is considered necessary at this stage.

Additional Notes

PPE, Intangibles and Receivables

The Company's management has made initial assessment of likely impact from the pandemic COVID-19 on business and financial risks based on internal and external sources of information including economic forecasts, measures being under taken by Government and expected GDP growth. The management believes while the COVID-19 may adversely impact on the business in the short-term, it does not anticipate material medium to Long-Term risks to the business prospects. The Company has also considered the possible effects of COVID-19 on the carrying amounts of property plant and equipment, goodwill, intangible assets, receivables and debt covenants using reasonably available information, estimates and judgement and has determined that none of these balances require a material adjustment to their carrying values. The Company has received notices of Force Majeure wrt some construction contractors and suppliers. Similarly, the Company has also issued notices of Force Majeure to customers, suppliers and concessioning authorities. Based on the preliminary legal evaluation of these notices, the Management does not anticipate any material economic outflow of resources which requires provisioning in these financial statements.

Force Majeure Events

In terms of the development and operations of Vizhinjam International Deepwater Multipurpose Seaport ("Project") as per Concession Agreement ("CA") dated August 17, 2015 with Government of Kerala, the scheduled milestone date, for Adani Vizhinjam Port Pvt Ltd ("AVPPL") to complete the Project including Commercial Operation Date ("COD") and extension till August 30, 2020.

As at reporting date, AVPPL has not achieved the Scheduled COD because of events Cyclone Ockhi in November, 2017, Extreme Adverse Weather conditions at Sea in July, 2018 whereby project work got standstill, Amendments in procedures for Environment Clearance, as per the National Green Tribunal (NGT) vide order dated September 13, 2018, Nationwide lockdown due to COVID-19 pandemic in March, 2020 which are in nature of Force Majeure events under clause 35.5.1 of the CA. Presently AVPPL is in discussions with Government of Kerala and VISL for revision in Project completion schedule and clarification on certain 'Force Majeure Events' raised by the AVPPL vide it's letter dated December 02, 2017, July 18, 2018, October 04, 2018 and March 20, 2020 with the authorities to take up the matter.

Based on the various representations made by the AVPPL for the reasons for delay in achieving the COD and discussions at regular Project Review meetings convened by the Principle Secretary to the Government of Kerala, Port Department and minutes thereof, the management is confident with regards to authorities accepting it's stand of various 'Force Majeure Events', claimed during the course of the construction of the project as well as revision in the project completion schedule.

Adani Power Limited (Auditor - S R B C & Co LLP - Bengaluru)

Auditors' Report

Emphasis of Matter

We draw attention to Note 39 of the standalone financial statements, as regards the management's evaluation of COVID-19 impact on the future performance of the Company and its subsidiaries. Our opinion is not modified in respect of this matter.

Additional Notes

Generic Note

Due to outbreak of COVID-19 globally and in India, the Company has made initial assessment of likely adverse impact on economic environment in general and financial risks on account of COVID-19. The Company along with its subsidiaries is in the business of generation of electricity which is an essential service as emphasized by the Ministry of Power, Government of India. The availability of power plant to generate electricity as per the demand of the customers is important. Hence, the Company and its subsidiaries has ensured not only the availability of its power plant to generate power but has also continued to supply power during the period of lockdown, considering essential service as declared by the Government of India. The Company's subsidiaries has also received notices of force majeure from four State distribution entities entity ("Discom") which have been replied by the respective subsidiary entities and clarified that the said situation is not covered under force majeure clause, considering electricity falls under essential services vide notification dated 25th March, 2020 issued by Ministry of Home Affairs. The Power Ministry has also clarified on 6th April, 2020 that Discom will have to comply with the obligation to pay fixed capacity charges as per PPA. Further, the Reserve Bank of India has granted relief to borrowers by way of moratorium of interest and principal instalments falling due to banks and financial institution till May 2020. This will largely mitigate the stress on cash flows, if any, during the period of COVID-19. On long term basis also, the Company does not anticipate any major challenge in meeting its financial obligations. Basis above, the management has estimated its future cash flows for the Company which indicates no major change in the financial performance as estimated prior to COVID-19 impact and hence, the Company believes that there is no impact on its ability to continue as a going concern and meeting its liabilities as and when they fall due.

Adani Transmission Limited (Auditor - Deloitte Haskins & Sells LLP - Mumbai)

Additional Notes

Generic Note

Due to outbreak of COVID-19 globally and in India, management has made initial assessment of impact on business and financial risks on account of COVID-19. Considering that the Company's investments are in subsidiaries, which are engaged in the business of Generation, Transmission and Distribution of Power , which is considered to be an Essential Service, the management believes that the impact of this outbreak on the business and financial position of the Company will not be significant. The management does not see any risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

Avantel Limited (Auditor - Ramanatham & Rao - Hyderabad)

Auditors' Report

Emphasis of Matter

We draw attention to Note 47 of the financial statements, which describes the extent to which the COVID-19 Pandemic will impact the Company's results which depend on future developments that are highly uncertain. Our opinion is not modified in respect of this matter.

Additional Notes

Generic Note - Estimation uncertainty relating to the global health pandemic on COVID-I9

In assessing the recoverability of receivables, the Company has considered internal and external information upto the date of approval of these financial results including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes and future economic conditions.

Emirates (Auditor - PWC)

Auditors' Report

Key Audit Matters

Hedge Ineffectiveness

Accounting for hedge ineffectiveness on jet fuel hedging instruments Emirates' risk management objectives are designed to identify, evaluate and hedge financial risks. Emirates has used crude oil forward contracts to hedge the element of crude oil commodity price risk arising from its highly probable forecast purchases of jet fuel in accordance with IFRS 9.

As a result of the COVID-19 pandemic, Emirates no longer expects to consume the same volume of jet fuel as initially envisaged given the reduction in planned operations. Consequently, management has re-forecast its expected jet fuel usage in order to adjust the existing fuel hedges and to calculate the resulting hedge ineffectiveness in accordance with IFRS 9.

We focused on this area because of the significant level of judgement exercised by management in determining the revised estimates of jet fuel usage and the resulting calculations of hedge ineffectiveness.

Auditor’s Response

We tested management’s expected forecast of jet fuel usage and the resulting calculation of fuel hedge ineffectiveness through discussions with senior operational and finance management to understand the basis of their projections including evaluating whether: ● expected fuel usage related to projected passenger and cargo flight schedules (“the schedules”) was reasonable compared to various internal, industry and economic forecasts; ● sufficient flights were available in the Emirates reservation system to support the schedules; and ● the expected usage of jet fuel in April 2020 was consistent with the actual jet fuel consumption level.

We recalculated the hedge ineffectiveness and sensitivities presented within note 3 to the consolidated financial statements that arose from the revisions to forecast volumes. We assessed whether the disclosures in notes 2, 3, 9, 30 and 33 to the consolidated financial statements including appropriate sensitivities are consistent with the requirements of IFRS.

Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, except for those financial assets and financial liabilities (including derivative instruments) that are measured at fair value, as stated in the accounting policies. The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections being recorded globally. Measures taken to contain and slow the spread of the virus have significantly impacted global economic activity including limiting movements of people and restricting flights. The worldwide aviation market has been significantly disrupted in the short term. This disruption is expected to be followed by a gradual recovery as travel restrictions are lifted. As a global network airline, Emirates has been unable to viably operate its normal full passenger services and Emirates’ revenue will therefore be negatively impacted as a result of the outbreak, although the full impact and the time period of the disruption is not possible to predict with certainty.

Emirates entered this crisis in a strong position, having previously reported profits for the past 32 years and available cash assets of AED 20.2 bn as at 31 March 2020. Emirates has taken various measures to manage the business through this crisis, including compensating cost saving measures, reductions to discretionary capital expenditure and agreeing additional working capital facilities. These measures also include obtaining committed support from the Government of Dubai which has publicly confirmed that they will financially support Emirates during this period through a variety of measures including an additional equity injection, if required. Based on this statement of support and other measures Emirates has taken, management has prepared these consolidated financial statements on a going concern basis. Further, due to the impact of COVID-19 on Emirates, an impairment test was performed with no resulting impairment charge. Refer to Notes 12 and 13 for further details. Management continues to closely monitor the COVID-19 situation as part of its ongoing impact assessment. All amounts are presented in millions of UAE Dirham ("AED m").

Impairment of Non-Financial Assets

Non-financial assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, non aircraft related assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). In respect of aircraft and related assets, (including right-of-use-assets), these assets are assessed for impairment at Emirates' network level. Non-financial assets other than goodwill are reviewed at the end of each reporting period for possible reversals of historic impairment losses. Following the outbreak of COVID-19, Emirates has performed an analysis to consider whether any material impairment of non-financial assets (including right-of-use assets) existed at the balance sheet date. Based on this analysis, no impairments were noted as at 31 March 2020.

Critical Accounting Estimates and Judgements

Ineffectiveness on fuel hedge derivatives - As part of its risk management strategy (as explained in more detail within Note 33), Emirates plans a monthly schedule of its highly probable forecast purchases of jet fuel and hedges a portion of these purchases. Emirates generally hedges the crude oil element of jet fuel by entering into net cash settled crude oil forward contracts of the same maturity. Following the outbreak and rapid global spread of COVID-19, Emirates

Notes to Accounts

Right-of-use Assets

Following the outbreak of COVID-19, Emirates conducted an impairment review in respect of property, plant and equipment and right-of use assets. For impairment testing purposes discounted cash flows have taken into account the period that Emirates expects to be impacted by COVID-19 followed by long term growth rate not exceeding 2%. A discount rate of 7% has been applied to the cash flows. A reasonably possible change in any of the key assumptions would not lead to an impairment charge.

Intangible Assets

For the purpose of testing goodwill impairment, the recoverable amounts for cash generating units have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a three year period, adjusted for Emirates' view of the impact of COVID-19 on the results of the cash generating units. Cash flows beyond the three year period have been extrapolated using long term terminal growth rates. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate of 12% (2019: 12%), gross margins consistent with historical trends and growth rates based on management's expectations for market development. The long term terminal growth rate of 2% (2019: 2%) does not exceed the long term average growth rate for the markets in which the cash generating units operate. Any reasonably possible change to the assumptions will not lead to an impairment charge.

Financial Risk Management

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. Emirates uses judgement in making these assumptions and selecting inputs to the impairment calculation based on past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. These judgements have been reassessed in the wake of the COVID-19 outbreak. As of 31 March 2020, the provision for impairment of trade and other receivables amounts to AED 94 m (2019: AED 69 m) and has been disclosed under Note 18.

Emirates expects a significantly adverse impact on its liquidity due to COVID-outbreak. Management has taken several steps in protecting cash flows through compensating cost saving measures, reductions to discretionary capital expenditure and agreeing additional working capital facilities.

Havells India Limited (Auditor - S.R. Batliboi & Co. LLP - New Delhi)

Auditors' Report

Key Audit Matters

Goodwill

Assessment of impact of Corona Virus Disease (COVID-19) on the assessment of impairment of goodwill and intangible assets with indefinite useful life (as described in note 34(17) of the standalone Ind AS financial statements) - On account of prevalent financial, economic and health crises caused due to global pandemic - COVID-19, having impact the assumptions used for the continuity of operation and thus having further impact on the assessment of impairment of goodwill having carrying value of Rs. 310.47 crores and intangible assets having indefinite useful life having carrying value of Rs. 1,029 crores as at March 31, 2020. The Company has prepared cash flow projections and believes it has sufficient liquidity based on the available liquid cash and available credit facilities as disclosed in note 34(17) and the expected cash to be generated from operations to meet its financial obligations as they fall due for the following twelve months.

Further in accordance with Indian Accounting Standards (Ind-AS) – 36 'Impairment of Assets', the management has allocated goodwill and intangible assets having indefinite life to their respective cash generating units (CGU) and tested these for annual impairment using a discounted cash flow model.

The impairment test model also includes sensitivity testing of key assumptions. Further, management has factored impact of COVID-19 on these CGU's. The above assessment factoring impact of COVID-19 on continuity of its operations and thereupon on annual impairment of goodwill and intangible assets having indefinite useful life is considered as significant accounting judgement and estimate (Note 34(17) to the standalone Ind- AS financial statements) and a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain, and because of the materiality of the balances to the standalone financial statements as a whole.

Auditor's Response

As a part of our audit we have, carried out the following procedures: a) Obtained an understanding of the process and testing the operating effectiveness of internal controls over the impairment and preparation of the cash flow forecast based on assumptions and inputs to the model used to estimate the future cash flows. b) We assessed the Company's methodology applied in determining the CGUs to which these assets are allocated. c) We assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used; d) Compared the cash flow forecasts to approved budget and other relevant market and economic information, as well as testing the underlying calculations. e) We discussed the potential changes in key drivers as compared to previous year / actual performance with management and considering impact of COVID-19 in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable; f) We engaged expert to assess the assumption and methodology used by the management to determine the recoverable amount and also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used. g) We tested the arithmetical accuracy of the models. h) We evaluated disclosures related to management assessment on impact of COVID-19 for the continuity of operations and on the annual impairment tests and as required under Indian Accounting Standard (Ind-AS) -36 Impairment of Assets.

<u>Notes to Accounts</u>

Goodwill and other Intangible assets

Impairment testing of goodwill and intangible assets with indefinite lives Goodwill and Brand and Trademarks acquired on acquisition of Lloyd business having indefinite useful lives have been allocated to a separate single cash generating unit (CGU) i.e. LLOYD consumer which is also an operating and reportable segment, for impairment testing. The Company has performed an annual impairment test to ascertain the recoverable amount of CGU. The recoverable amount is determined based on value in use calculation. These calculations uses management assumptions and pre tax cash flow projections based on financed budgets approved by management covering a 5 years period. Cash flow projection beyond 5 years time period are extrapolated using the estimated growth rates which is consistent with forecasts included in industry reports specific to industry in which CGU operates. Further the management have factored the impact of COVID-19 on the cash flow projections used in assessment of recoverable amount of CGU as at March 31, 2020. Management has determined following assumptions for impairment testing of CGU as stated below.

Financial Risk Management Objectives and Policies

The Company’s principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company’s operations. The Company’s principal financial assets include trade and other receivables, and cash and cash equivalents that are derived directly from its operations. The Company’s financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company’s senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee. This process provides assurance to Company’s senior management that the Company’s financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective. In the event of crisis caused due to external factors such as caused by recent pandemic "COVID-19", the management assesses the recoverability of its assets, maturity of its liabilities to factor it in cash flow forecast to ensure there is enough liquidity in these situations through internal and external source of funds. These forecast and assumptions are reviewed by board of directors.

Capital Management

For the purposes of Company's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to safeguard its ability to continue as going concern and to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 and March 31, 2019 except for budgeting for cash flow projections considering the impact of ongoing pandemic COVID - 19. The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalent.

<u>Additional Notes</u>

Generic Note

'World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on 24-03-2020 which has impacted the business activities of the Company. On account of this, the Company has prepared cash flow projections and also, assessed the recoverability of receivables, contract assets, factored assumptions used in annual impairment testing of goodwill and intangible assets having indefinite useful life, using the various internal and external information up to the date of approval of these financial statements. On the basis of evaluation and current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets and does not anticipate any impairment to these financial and nonfinancial assets. The Company will continue to closely monitor any material changes to future economic conditions.'

HDB Financial Services Limited (Auditor- B S R & Co. LLP - Mumbai)

Auditors' Report

Emphasis of Matter

As described in Note 78(B) to the Standalone Financial Statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package.

As described in Note 78(A) to the Standalone Financial Statements, the extent to which the COVID-19 pandemic will have impact on the Company's financial performance is dependent on future developments, which are highly uncertain.

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

Key Audit Matters

Goodwill

Recognition and measurement of impairment of loans and advances involve significant management judgement.

Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.

The most significant areas are:

- Segmentation of loan book
- Determination of exposure at default
- Loan staging criteria
- Calculation of probability of default / Loss given default
- Consideration of probability weighted scenarios and forward looking macro-economic factors
- Complexity of disclosures

There are many data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.

Auditor’s Response

Our audit procedures included:

Design / controls

- Evaluation of the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding and industry practice.
- Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.
- Understanding management’s revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.
- Evaluating management’s controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19.
- Testing the controls over ‘Governance Framework’ in line with the RBI guidance.

Testing of review controls over measurement of impairment allowances and disclosures in financial statements

Impact of COVID 19

On 11 March 2020 the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.

We have identified the impact of and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment on loans and advances on account of:

- Short and long term macroeconomic effect on businesses in the country and its consequential first order and cascading negative impact on revenue and employment generation opportunities;
- impact of the pandemic on the Company’s customers and their ability to repay dues; and
- application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning.

Management has conducted a qualitative assessment of significant increase in credit risk (‘SICR’) of its loan and advances with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macro-economic scenarios to factor in the potential impact of COVID-19 on expected credit loss provision.

Auditor’s Response

- Focus on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model.
- Involving our specialists to test the model methodology and reasonableness of assumptions used, including management overlays.
- Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.
- Model calculations testing through reperformance here possible.
- The appropriateness of management’s judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral.
- Assessing the appropriateness of management rationale for determination of criteria for SICR considering both: adverse effects of COVID-19 and mitigants in the form of the RBI / Government financial relief package.
- Assessing the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model.
- Checked the reasonableness of management’s assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed.
- Assessing the factual accuracy and appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19.

Considered the appropriateness of disclosures relating to financial risk management including those relating to ECL provision on loans and advances.

Notes to Accounts

Provision for impact of COVID-19

The ‘severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)’, generally known as COVID-19, which was declared as a global pandemic by World Health Organisation on 11 March 2020, continues to spread across globe and in India. Globally countries and businesses are under lockdown. On 24 March 2020, the Government of India announced a 21 days lockdown initially, which was extended by 19 days across the country to contain the spread of the virus. Considering the severe health hazard associated with COVID-19 pandemic, certain parts of the country have further extended the lockdown. There is high level of uncertainty about the duration of the lockdown and the time required to return to normalcy. The extent to which COVID-19 pandemic will impact the Company's provision on assets is dependent on the future developments which are highly uncertain. The impact of the global health pandemic may be different from that estimated at the date of approval of these standalone financial results and the Company will continue to closely monitor any material changes to future economic conditions.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020, the lending institutions have been permitted to grant a moratorium of three months on payment of all installments and / or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 ('moratorium period') to eligible borrowers in accordance with the Board approved policy. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

The Company holds provisions as at 31 March 2020 against the potential impact of COVID-19 based on the information available at this point in time.

Hindustan Unilever Limited (Auditor- B S R & Co. LLP - Mumbai)

Basis of Preparation

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)
The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from the 25th of March 2020 announced by the Indian Government, to stem the spread of COVID-19. Due to this the operations in many of HUL's manufacturing, distribution centres, warehouses and extended supply chain partner locations got temporarily disrupted. HUL manufactures and supplies essential day-to-day products such as soaps, hand sanitisers, laundry detergents, floor cleaners, foods, beverages etc. amongst others and a large part of HUL's portfolio is considered essential to consumer requirements in these challenging times.

In light of these circumstances, the Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, inventory, receivables, advances, property plant and equipment, Intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as our current contract terms, financial strength of partners, investment profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

IIFL Finance Limited (Auditor - Deloitte Haskins & Sells LLP - Mumbai)

Notes to Accounts

Loans

The outbreak of COVID 19 pandemic and consequent lockdown has severely impacted business and operations of the Company in the last week of March 2020. In terms of the policy approved by the Board of Directors of the Company pursuant to Reserve Bank of India (RBI) Circulars dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted EMI moratorium to all eligible customers for a period up to 3 months with regards to the payment falling due between March 01, 2020 and May 31, 2020. Further, in relation to the accounts overdue but standard as at 29 February 2020 where moratorium benefit has been extended in terms of aforesaid RBI guidelines, the staging of those accounts at March 31, 2020 is based on the days past due status as on February 29, 2020. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. On May 22, 2020, the RBI has extended the Moratorium Period by further three months.

(ii) The Company's assessment of impairment loss allowance on its loans and other assets is subject to a number of management judgments and estimates. In relation to COVID–19, judgments and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in the determination of the impairment loss allowance calculations remained unchanged from those applied while preparing the Standalone Financial Statements for the year ended March 31, 2019, the Company has separately incorporated estimates, assumptions and judgments specific to the impact of the COVID–19 pandemic based on early indicators of moratorium and delayed payments metrics observed along with an estimation of potential stress on probability of defaults and exposure at default. Accordingly, the Company has measured additional impairment loss allowance on loans and other assets and recognised the incremental impairment provision for Rs. 2,171.22 million in the Standalone Financial Statements which is adequate in the view of the Company considering the current information available. In addition, while assessing the liquidity situation, the Company has taken into consideration certain assumptions with respect to repayments of loan assets, sale of loan assets and undrawn committed lines of credit, based on its past experience which have been adjusted for current events. Given the dynamic nature of pandemic situation, the Company's impairment loss allowance estimates are inherently uncertain due to severity and duration of the pandemic and, as a result, actual Standalone Financial Statements may differ from these estimates as on the date of approval of these Standalone Financial Statements. The Company will continue to monitor any material changes to the future economic conditions.

Infosys Limited (Auditor - Deloitte Haskins & Sells LLP - Mumbai)

Auditors' Report

Key Audit Matters

Allowance for credit losses

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19. We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses. Refer Notes 1.4(f), 2.7 and 2.10 to the Standalone financial statements

Auditor's Response

Our audit procedures related to the allowance for credit losses for trade receivables and unbilled revenue included the following, among others : We tested the effectiveness of controls over the (1) development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions (2) completeness and accuracy of information used in the estimation of probability of default and (3) computation of the allowance for credit losses. For a sample of customers : We tested the input data such as credit reports and other credit related information used in estimating the probability of default by comparing them to external and internal sources of information. We tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company.

Significant Accounting Policies

Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Allowance for credit losses on receivables and unbilled revenue

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

Dividend

The Board of Directors in their meeting on April 20, 2020 recommended a final dividend of Rs. 9.50 per equity share for the financial year ended March 31, 2020. This payment is subject to the approval of shareholders in the Annual General Meeting of the Company. In view of COVID-19, the Company is working on an Annual General Meeting date which will be announced by the Company in due course. This final dividend if approved by shareholders would result in a net cash outflow of approximately Rs. 4,046 crore.

Revenue from Operations

The Company has evaluated the impact of COVID-19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts; (ii) onerous obligations;(iii) penalties relating to breaches of service-level agreements, and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID-19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

Kansai Nerolac Paints Limited (Auditor - S R B C & Co LLP - Mumbai)

Additional Notes

Generic Note

The COVID-19 pandemic is rapidly spreading throughout the world. The operations of the Company were impacted, due to shutdown of all plants and offices following nationwide lockdown by the Government of India. The Company has resumed operations in a phased manner as per directives from the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial statements as at 31st March 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

Lloyds Metals and Energy Limited (Auditor - VSS & Associates - Mumbai)

Notes to Accounts

Borrowings

The figures of current maturities are arrived at after considering the moratorium availed due to Covid 19 pandemic.

Reliance Capital Limited (Auditor - H.D. & Associates LLP - Mumbai)

Auditors' Report

Material uncertainty related to Going Concern

We draw attention to Note no. 57 of the standalone financial statements, as regards to the management evaluation of COVID-19 impact on the future performance of the Company. Our opinion is not modified in respect of the above matter.

Significant Accounting Policies

Estimation of uncertainties relating to the global health pandemic from COVID-19

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Company would be granting / had granted a moratorium of three months on the payment of the instalments and /or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 t all eligible borrowers classified as Standard, even if overdue, as on February 29,2020. Foe all such accounts where the moratorium is granted, the asset classification has been remaining stand still during the moratorium period (i.e the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

Reliance Home Finance Limited (Auditor - Dhiraj & Dheeraj - Mumbai)

Auditors' Report

Emphasis of Matters

We draw attention to Note 57 to the Ind AS Financial Statements which describes that the extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain. Which further states that in accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Company would be granting a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification has been remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms). Our opinion is not modified in respect of this matter.

Key Audit Matters

Future Performance of the Company

Impact of COVID-19 pandemic on the future financial performance and position of the Company (as described in Note 57 of the Ind AS Financial Statements) The extent to which the COVID-19 pandemic will impact the Company's financial performance and position will depend on future developments, which are highly uncertain.

Auditor's Response

Our audit procedures considered the guidance laid down by the 'ICAI Accounting & Auditing Advisory March 2020 – Impact of Corona virus on Financial Reporting and the Auditors Consideration' highlighting few important areas which require particular attention in respect of the audit of the financial statements for the year 2019-20 including:

• Impairment of Non-financial Assets; • Impairment Losses (ECL, Bad-debts etc.); • Revenue; • Borrowing Costs; • Provisions, Contingent Liabilities and Contingent Assets; • Modifications or termination of Contracts or Arrangements; • Going Concern Assessment; • Post Balance Sheet Events; • Presentation of Financial Statements; • Changes in Internal Controls; • External Confirmations; • Audit evidences through electronic mode;

We considered the above guidance and appropriately applied to our response to modification of our audit procedures to obtain sufficient appropriate audit evidence on the significant audit areas and reached appropriate conclusions thereon.

Significant Accounting Policies

Interest Income

Interest income is recognised using the effective interest rate. The Company is providing moratorium to customers seeking moratorium on account of COVID-19 situation in-line with the Board Approved policy of the Company. The accumulated interest during the moratorium period of the borrowers to whom moratorium is offered is capitalized unless the borrower requests otherwise. The capitalized amount of interest is added to the loan outstanding at the end of the moratorium period.

Additional Notes

RBI Package - Moratorium Period

The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Company would be granting a moratorium of upto three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

Reliance Infrastructure Limited (Auditor - Pathak H. D. & Associates LLP - Mumbai)

Auditors' Report

Emphasis of Matters

We draw attention to Note 53 to the standalone financial statements, as regards to the management evaluation of COVID – 19 impact on the future performance of the Company. Our opinion on the standalone financial statements is not modified in respect of the above matters.

Significant Accounting Policies

Critical Estimates and Judgements

Estimation of uncertainties relating to the global health pandemic from COVID-19 - The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, investments, goodwill, tangible assets, contract assets and contract cost. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information on the expected future performance of the Group. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company financial statements may differ from that estimated as at the date of approval of these financial statements.

Notes to Accounts

Other Income

Miscellaneous Income recognised pursuant to arbitration award won by the Company against Damodar Valley Corporation (DVC) totaling to Rs. 1,250 Crore including return of Bank Guarantees of ` 354 Crore. DVC has preferred an appeal against the award before the Hon'ble Calcutta High Court, which was listed for hearing in the first week of March 2020, however the same is postponed due to Covid19 outbreak and the next date of hearing is awaited. Although the Company is confident of recovering the entire amount, out of prudence, the Company has recognized only Rs. 210 Crore being the retention money which was earlier written off.

Additional Notes

Investment in Delhi Airport Metro Express Private Limited

The dispute between Delhi Airport Metro Express Private Limited (DAMEPL), a subsidiary of the Company and Delhi Metro Rail Corporation (DMRC) arising out of the termination of the Concession Agreement for Delhi Airport Metro Express Line Project (Project) by DAMEPL was referred to arbitral tribunal, which vide its award dated May 11, 2017, granted arbitration award of Rs. 4,662.59 Crore on the date of the Award in favour of DAMEPL being inter alia in consideration of DAMEPL transferring the ownership of the Project to DMRC who has taken over the same. The Award was upheld by a Single Judge of Hon'ble Delhi High Court vide Judgment dated March 06, 2018. However, the said Judgment dated March 06, 2018 was set aside by the Division Bench of Hon'ble Delhi High Court vide Judgement dated January 15, 2019. DAMEPL has filed Special Leave Petition (SLP) before the Hon'ble Supreme Court of India against the said Judgement dated January 15, 2019 of Division Bench of Hon'ble Delhi High. Hon'ble Supreme Court of India, while hearing the

Interlocutory Application filed by DAMEPL seeking interim relief, had directed vide its Order dated April 22, 2019 that DAMEPL's accounts shall not be declared as NPA till further orders and further directed listing of the SLP for hearing on July 23, 2019. However, the matter was adjourned on DMRC's request dated July 22, 2019. Later, the hearing could not take place due to various reasons. The next hearing to take place sometime after the present COVID-19 lockdown ends and courts reopen. Based on the facts of the case and the applicable law, DAMEPL is confident of succeeding in the Hon'ble Supreme Court. In view of the above, pending outcome of SLP before the Hon'ble Supreme Court of India, DAMEPL has continued to prepare its financial statements on going concern basis.

Generic Note

The outbreak of COVID-19 epidemic has significantly impacted businesses around the world. The Government of India ordered a nationwide lockdown, initially for 21 days which further got extended twice and now valid till May 17, 2020 to prevent community spread of COVID-19 in India. This has resulted in significant reduction in economic activities. With respect to operations of the Company, it has impacted its business by way of interruption in construction activities, supply chain disruption, unavailability of personnel, closure / lock down of various other facilities etc. Few of the construction activities is already commenced albeit in a limited manner. The Company has considered various internal and external information including assumptions relating to economic forecasts up to the date of approval of these financials for assessing the recoverability of various receivables, which includes unbilled receivables, investments, goodwill, contract assets and contract costs. The assumptions used by the company have been tested through sensitivity analysis and the company expects to recover the carrying amount of these assets based on the current indicators of future economic conditions. Further the Company has availed protections available to it as per various contractual provisions to reduce the impact of COVID-19. The aforesaid evaluation is based on projections and estimations which are dependent on future development including government policies. Any changes due to the changes in situations / circumstances will be taken into consideration, if necessary, as and when it crystallizes.

Reliance Power Limited (Auditor - Pathak H. D. & Associates LLP - Mumbai)

Auditors' Report

Emphasis of Matters

We draw attention to Note 26 of the standalone financial statements, as regards to the management evaluation of COVID – 19 impact on the future performance of the Company. Our opinion is not modified in respect of this matter.

Significant Accounting Policies

Critical Estimates and Judgements - Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill, tangible and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company financial statements may differ from that estimated as at the date of approval of these financial statements.

Additional Notes

Unpredicted Revenue

COVID-19 Pandemic has caused unprecedented economic disruption globally and in India. The Company is sensitive about the impact of the Pandemic, not only on the human life but on businesses and industrial activity across the globe, which will be realised only over next few months. The Company has been monitoring the situation closely and has taken proactive measures to comply with various directions / regulations / guidelines issued by the Government and local bodies to ensure safety of workforce across all its plants and offices. The Company has made initial assessment of the likely adverse impact on economic environment in general and operational and financial risks on account of COVID-19. Vide notification dated March 24 2020 issued by Ministry of Home Affairs a nation-wide lockdown was announced to contain COVID-19 outbreak and the same has been progressively extended later. However, Power generation, transmission & distribution units, being essential services, are allowed to continue operation during the period of lockdown. So far, the Company has been able to sustain its power plant operations and honour commitments under the various Power Purchase Agreements. There has been a sharp decline in the electricity demand, by 20 to 25%, primarily from industrial and commercial consumer segments, arising from lockdown measures announced by the Government. The Power Ministry has clarified on April 6, 2020 that despite lower power offtake due to sharp reduction in demand, Discoms will have to comply with the obligation to pay fixed capacity charges as per PPA. Further, the Reserve Bank of India has granted relief to borrowers by way of moratorium of interest and principal instalments falling due to Indian banks and financial institutions till May 31, 2020. The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among other things, evolving impact on Discoms in terms of demand for electricity;

consumption mix; resultant average tariff realisation; bill collections from consumers; and support from respective State Governments and banks & financial institutions, including those focused on power sector financing.

Shree Digvijay Cement Co. Ltd (Auditor- B S R & Associations LLP - Ahmedabad)

Additional Notes

Generic

COVID-19The spread of COVID-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lock-down, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures.

The Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, Plant and Equipment, intangible assets, Trade Receivables, and Inventory as at the balance sheet date and has concluded that there is no material adjustments required in the financial statements.

Management believes that it has considered all the possible impact of known events arising from COVID -19 pandemic in thep reparation of the financial Statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

TATA Coffee Limited (Auditor - Deloitte Haskins & Sells LLP - Bengaluru)

Auditors' Report

Key Audit Matters

Inventory of raw / cured coffee beans ("green coffee beans"), tea and pepper (Existence and Valuation) Physical verification of green coffee beans, tea and pepper was performed by the management subsequent to the year-end due to the restrictions imposed on account of COVID-19. Finished goods inventory are valued at lower of cost and net realizable value (estimated selling price less estimated cost to sell). Considering that there is always a volatility in the selling price of green coffee beans, tea and pepper, which is dependent upon various market conditions and the possible impact of COVID-19, determination of the net realizable value for green coffee beans, tea and pepper involves significant management judgement and therefore has been considered as a key audit matter. The total value of finished goods (commodities) as at 31 March, 2020 is Rs. 11,477.12 Lakh. Also refer to Note 2.3.(v) relating to Valuation of Agricultural Produce under Key accounting judgements, estimates and assumptions.

Auditor's Response

Due to the COVID-19 related lock-down we were not able to participate in the physical verification of inventory that was carried out by the management subsequent to the year end. Consequently, we have performed the following alternate procedures to audit the existence of inventory:

• Participated in the physical verification of inventory of green coffee beans, tea and pepper conducted by the management subsequent to the year end, through video calls and performed roll back procedures.
• Compared the sum of disaggregated data of quantity of fruit coffee and pepper that was picked by the workers during the season ongoing as at the balance sheet date, with the aggregate quantity of harvested produce of fruit coffee and pepper considered by the management and obtained and tested the explanations for material differences, if any, between the two sets of data.
• Compared the sum of disaggregated data of quantity of raw coffee transferred by the plantations to the curing unit and obtained and tested the explanations for material differences, if any, between such data and the quantity considered as physical inventory as at the Balance Sheet date.
• Verified the following conversions: (a) the quantity of fruit coffee picked into raw coffee and (b) the raw coffee received at curing unit into cured coffee and (c) the quantity of fruit coffee into cured coffee, each by applying the established conversion norms and ensured that the quantity of coffee considered as inventory by the management agreed with such converted quantities.
• In case of pepper, verified the management estimate of grades of the harvested produce of pepper and compared the same with the historical pattern of grades of harvested pepper and developed a sensitivity analysis to understand whether a material variation to the value of inventory would be caused due to changes in grades.
• In case of tea, for the stock held at estates, which have been subsequently despatched to third party warehouses, obtained direct confirmation of the inventory held by third party warehouses subsequent to the year end and performed roll back procedures.
• For stock held at third party warehouses, obtained direct confirmation of the inventory held by them as at the year end.

Significant Accounting Policies

Key accounting judgements, estimates and assumptions

The preparation of the Financial Statements required the Management to exercise judgements and to make estimates and assumptions. The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the Management has considered the global economic conditions prevailing as at the date of approval of these financial statements and has used internal and external sources of information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

Notes to Accounts

Inventories including Biological Assets

The method of valuation of Inventories has been stated in Note No. 2.2(h) of Significant Accounting Policies. The Company has considered the possible impact relating to COVID-19 while estimating the fair value of the growing produce and determining the net realisable value of inventory of green coffee beans, tea and pepper. Based on the available internal and external information as determined by the Management, the Company does not expect the carrying values of such inventories to be significantly impacted. Also refer to Note 2.3(iv) on significant judgements and estimates involved in the valuation of agricultural produce.

Trade Receivables

The credit worthiness of Trade Receivables and the credit terms set are determined on a case to case basis and the Management has factored in the uncertainties arising out of COVID-19, as applicable. Considering that adequate insurance cover have been taken on export debts and based on the other internal and external sources of information as determined by the Management, the Company has concluded that there is a low probability of default on Trade Receivables. The fair values of Trade Receivables are not considered to be significantly different from their carrying values, given their generally short period to maturity, with impairment reviews considered on an individual basis rather than when these become overdue.

TATA Consultancy Services (Auditor - B S R & Co. LLP - Mumbai)

Notes to Accounts

Financial Risk Management Impact of COVID-19 (Global pandemic)

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

Other risk (Impact of COVID-19)

Financial instruments carried at fair value as at March 31, 2020 is Rs. 26,111 crore and financial instruments carried at amortised cost as at March 31, 2020 is Rs. 45,864 crore. A significant part of the financial assets are classified as Level 1 having fair value of Rs. 25,686 crore as at March 31, 2020. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in liquid debt securities and accordingly, any material volatility is not expected. Financial assets of Rs. 4,824 crore as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of Rs. 28,734 crore as at March 31, 2020 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets of Rs. 8,573 crore as at March 31, 2020 while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of Rs. 938 crore as at March 31, 2020 is considered adequate.

Leases

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centres / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

Revenue recognition

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from

• the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers;
• prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility ;

• customers not in a position to accept alternate delivery modes using Secured Borderless Work Spaces;
• customers postponing their discretionary spend due to change in priorities.

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meeting its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

Techindia Nirman Limited (Auditor - Ashok R Majethia - Aurangabad)

Auditors' Report

Key Audit Matters

Effect of Covid-19

It is the responsibility of the management to make appropriate adjustments to the financial statements and ensure necessary disclosures specifically the impact on business due to Covid-19, subsequent risks and uncertainties, and conditions that may impact future operating results, cash flows and financial position of the entity. We are informed by the management that considering the present scale of operations, seasonal product, demand in the ensuing future, the management does not perceive any risk in ensuing operations, liquidity and capital resources. We find sufficient and appropriate evidences of such management perception on record.

It is also concluded by the management that no adjustments are required in the financial statements as it does not impact the current financial year. However, the situation with COVID-19 is still evolving. Also, the various preventive measures taken (such as lockdown restrictions by the Government of India, travel restrictions etc.) are still in force, leading to a highly uncertain economic environment.

Due to these circumstances, the management's assessment of the impact on the subsequent period is dependent upon the circumstances as they evolve; and consequently, we are unable to express our opinion as to how the future prospect of the company will be impacted.

Auditor's response

The audit procedures included but were not limited to:

- Obtaining a detailed understanding of future business climate and demand potential.
- Existing processes and controls of the Management Evaluation of the design of the controls relating to growth of marketing.
- Probability of outcome, estimates of the timing and the amount.
- Implementation and operating effectiveness of the key controls.
- Minutes of the Audit Committee/ Board and discussions with the appropriate Management personnel.
- Possible outcomes and the reasonableness of the estimates.
- Involvement of expert for technical guidance and evaluation of the assessments of the Management.
- Evaluating appropriateness of adequate disclosures in accordance with the applicable accounting standards.

WIPRO Limited - (Auditor - Deloitte Haskins & Sells LLP - Bengaluru)

Auditors' Report

Key Audit Matters

Allowance for credit losses

Refer Notes 2(iv)(g), 3(x)(A), 9 and 25 to the financial statements - Critical Audit Matter Description - The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit losses, the Company also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

Auditor's Response

We identified allowance for credit losses as a critical audit matter because of the significant judgement involved in calculating the expected credit losses. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's estimate of the expected credit losses.

Additional Notes

Liquidity and Capital Resources

Cash generated from operations is our primary source of liquidity. We believe that our cash and cash equivalents along with cash generated from operations will be sufficient to meet our working capital requirements as well as repayment obligations with respect to debt and borrowings. Our choices of sources of funding will be driven with the objective of maintaining an optimal capital structure. COVID-19 may have an impact on our cash conversion cycle due to delays in customer payments and may result in increased working capital requirements. However, we believe that we have sufficient cash balances to overcome the incremental increase in working capital requirements. Our liquidity and capital requirements are affected by many factors, some of which are based on the normal ongoing operations of our businesses and some of which arise from uncertainties related to global economies and the markets that we target for our services, as well as uncertainties around COVID-19. We cannot be certain that additional financing, if needed, will be available on favorable terms, if at all.

Relaxation in time period for realization of export proceeds

Pursuant to current RBI regulations on export of goods and services, the time period allowed for realization of export proceeds is nine months from the date of export. Due to the conditions resulting from COVID-19, the RBI has, vide its circular dated April 1, 2020, extended the time period for realization and repatriation of export proceeds for exports made up to or on July 31, 2020 to 15 months from the date of export. This measure by the RBI is intended to enable exporters to realize their receipts, especially from COVID-19 affected countries, within the extended period and to provide greater flexibility to the exporters to negotiate future export contracts with buyers abroad.

Notes to Accounts

Use of estimates and judgment

Uncertainty relating to the global health pandemic on COVID-19: In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, goodwill, intangible assets, and certain investments, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used herein. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

The Company basis its assessment believes that the probability of the occurrence of forecasted transactions is not impacted by COVID-19. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness and continues to believe that there is no impact on effectiveness of its hedges.

The impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these consolidated financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Amendment to IFRS 16 - Leases

On May 15, 2020, the IASB issued amendments to IFRS 16, "Leases", provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments allowed the expedient to be applied to COVID-19-related rent concessions to payments originally due on or before 30 June 2021 and also require disclosure of the amount recognized in profit or loss to reflect changes in lease payments that arise from COVID-19-related rent concessions. The reporting period in which a lessee first applies the amendment, it is not required to disclose certain quantitative information required under IAS 8. These amendments are effective for periods beginning on or after June 1, 2020, with earlier application is permitted. The Company is currently evaluating the impact of amendment to IFRS 16 on its consolidated financial statements.

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