

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP

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Independent Auditor's Report

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To the Members of Nangloi Water Services Private Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

- 1) We were engaged to audit the financial statements of Nangloi Water Services Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- 2) We do not express an opinion on the aforesaid financial statements of the Company. Because of the significance of the matters described in the Basis of Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

- 3) As stated in note 45 and 46 to the financial statements, the Company's borrowings and other financial liabilities as at 31 March 2022 include balances amounting to Rs. 34,924.66 lakhs and Rs. 212.35 lakhs, respectively, including Rs 10,517.92 lakhs in respect of which the Administrator appointed by Reserve Bank of India in case of SREI Equipment Finance Limited (SREI), a lender of the Company, has filed an application in National Company Law Tribunal (NCLT) while making allegations as detailed in Note 45, requesting for immediate recovery of all loans and dues from the Company. Appropriate balance confirmations from SREI's administrator have not been received in respect of balances due to SREI by the Company as on 31 March 2022. Further, the Company is in default of repayment of loans and interest due from other lenders of the Company as a result of which such loans are also repayable on demand as per the terms of the loan agreements. The management of the Company continues to classify the aforementioned balances as non-current and current based on the last approved repayment schedule which is not in accordance with the terms of the agreements enforceable in case of events of default as identified in such agreements. In absence of restructuring of the said loans by the lenders, including lack of evidence of involvement of SREI's administrator in discussions with the lenders in this respect, and in absence of sufficient and appropriate alternate audit evidence, we are unable to comment on the adjustments and changes if any, that may be required in classification of aforementioned balances in the accompanying financial statements in accordance with the principles of Ind AS 1, Presentation of financial statements.
- 4) As stated in Note 47 to the accompanying financial statements which indicates that the Company has incurred a net loss of Rs. 7,318.80 lakhs during the year ended 31 March 2022 and, as of that date, the Company's accumulated losses amounts to Rs. 15,814.09 lakhs which have resulted in substantial erosion of net worth of the Company. Further, as of that date, its current liabilities exceeded its current assets by Rs. 3,872.40 lakhs. The Company has defaulted in payment to lenders and as also mentioned in matter 3 above, one of the lenders has filed an



application before the NCLT demanding immediate repayment of loan outstanding from the Company. Further, the Company is unable to meet its expected cash flow projections in the current year as well in last year. These events and conditions cast significant doubt on the Company's ability to continue as a going concern. Pending finalization of discussion with the lenders for restructuring of loans, pending extension of concession agreement with Delhi Jal Board and favourable outcome of other measures as undertaken by the management as mentioned in the aforementioned note, we are unable to comment on whether the use of going concern basis of accounting for the preparation of the accompanying financial statements is appropriate.

- 5) As stated in Note 48 to the financial statements, the Company has entered into a concession agreement with Delhi Jal Board for the improvement and revamping of the existing water supply, transmission and distribution network under the command area of Nangloi Water Treatment Plant, Delhi on a Design, Build, Finance, Operate and Transfer ("DBFOT") basis and management has capitalised such rights as "License to charge grantor for water supply" which has a carrying value Rs. 22,642.75 lakhs as at 31 March 2022. The Company is not able to achieve its cash flow projections and projected profits in the current year as well as in earlier years, which indicate an impairment assessment in accordance with principles of Ind AS 36, Impairment of Assets. However, the management, based on its internal assessment, concluded that no impairment is required for the intangible rights of the Company. In the absence of sufficient and appropriate evidence to corroborate the assumptions and inputs used by the management in their impairment assessment, we are unable to obtain sufficient appropriate evidence to comment on any adjustment that may be required to the carrying value of the above mentioned intangible assets in the accompanying financial statements.
- 6) As stated in note 45 of the accompanying financial statements which describes that subsequent to the balance sheet date, an application has been filed in NCLT by the Administrator of SREI alleging certain matters including the relationship as undisclosed related party between the Company and SREI. The Company obtained a legal opinion based on which the management is of the view that the Company does not have any related party relationship as defined under the Insolvency and Bankruptcy Code, 2016 and the Act, and as a result, there shall not be any material implication on the Company from aforesaid proceedings. However, we are unable to obtain sufficient and appropriate audit evidence to conclude on assessment of significant influence exercised by such alleged related parties on the Company and accordingly, we are unable to comment on the appropriateness and completeness of disclosures made in the accompanying financial statements with respect to related parties as required under Ind AS 24, Related Party Disclosures, and on the compliance by the Company with applicable regulatory requirements including those under the Act, with respect to the transactions with such parties.

Responsibilities of Management for the Financial Statements

- 7) The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these 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 Indian Accounting Standards (Ind AS) specified under section 133 of the Act and other accounting principles generally accepted in India. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- 8) In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to



going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

- 9) Our responsibility is to conduct an audit of the Company's financial statements in accordance with Standards on Auditing specified under section 143 (10) of the Act and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
- 10) We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') and provisions of the Act that are relevant to our audit of the financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our ethical responsibilities in accordance with the Code of Ethics and the requirements under the Act.

Report on Other Legal and Regulatory Requirements

- 11) Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.
- 12) As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 13) Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
 - a) As described in the Basis of Disclaimer of Opinion section, we are unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
 - b) Due to the possible effect of Basis of Disclaimer of Opinion section, we are unable to state whether 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 financial statements dealt with by this report are in agreement with the books of account;
 - d) Due to the possible effect of Basis of Disclaimer of Opinion section, we are unable to state whether the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) The matters described in the Basis for Disclaimer of 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 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;
 - g) The reservations relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion section;
 - h) We were also engaged to audit the internal financial controls with reference to financial statements of the Company as on 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 23 December 2022 as per Annexure B has been issued with Disclaimer of Opinion; and

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- i) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company does not have any pending litigation(s) which would impact its financial position as at 31 March 2022;
- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;
- iv)
 - a) The management has represented that, to the best of its knowledge and belief, as disclosed in note 50 (b) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, as disclosed in note 50 (c) to the financial statements, no funds have been received by the Company from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v) The Company has not declared or paid any dividend during the year ended 31 March 2022.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Arun
Tandon**

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Arun Tandon

Partner

Membership No.: 517273

UDIN: 22517273BGADMY3834

Place: New Delhi

Date: 23 December 2022

Annexure A referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Nangloi Water Services Private Limited on the financial statements for the year ended 31 March 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i) a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
(B) The Company has maintained proper records showing full particulars of intangible assets.
- b) The Company has a regular program of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.
- c) The Company does not own any immovable property (including investment properties) (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable to the Company.
- d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year.
- e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- ii) a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties.
- b) The Company has not been sanctioned working capital limits in excess of five crore rupees by banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company:
- iii) The Company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year. Accordingly, reporting under clause 3(iii) of the Order is not applicable to the Company.
- iv) The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.
- v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.



Annexure A referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Nangloi Water Services Private Limited on the financial statements for the year ended 31 March 2022

- vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/ services / business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- vii) a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no statutory dues referred to in subclause (a) above that have not been deposited with the appropriate authorities on account of any dispute.
- viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- ix) a) According to the information and explanations given to us, the Company has defaulted in repayment of loans, other borrowings to lenders and in the payment of interest thereon as follows:

Nature of borrowing, including debt securities	Name of lender	Amount not paid on due dates (in lakhs)	Whether principal or interest	No. of days delay or unpaid till the date of audit report
Term loan	Bank of India	125.00	Principal	61 days
		1,083.33	Interest	1-30 days
	SREI Equipment Finance Limited (loan 1)	185.42	Principal	254-344 days
		96.84	Interest	57-253 days
	SREI Equipment Finance Limited (loan 2)	653.89	Principal	254-344 days
		143.09	Interest	1-90 days

- b) According to the information and explanations given to us including representation received from the management of the Company read along with note 50(f), and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.
- e) According to the information and explanations given to us, the Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under clause 3(ix)(e) and clause 3(ix)(f) of the Order is not applicable to the Company.



Annexure A referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Nangloi Water Services Private Limited on the financial statements for the year ended 31 March 2022

- x) a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company
- xi) a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.
- b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii) Considering the matter described in paragraph 6 under heading 'Basis for Disclaimer of Opinion' of our audit report, we are unable to comment on the appropriateness and completeness of disclosures made in the accompanying financial statements with respect to related parties as required under Ind AS 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act, and whether all the transactions with related parties are in compliance with Section 188 of the Act, where applicable. Also, refer note 45 of the accompanying financial statements. Further, according to the information and explanations given to us, the Company is not required to constitute an audit committee under section 177 of the Act.
- xiv) a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- xvi) a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.
- d) Considering the matter described in paragraph 6 under heading 'Basis for Disclaimer of Opinion' of our audit report, we are unable to comment if the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has any CIC as part of the Group. Also, refer note 45 of the accompanying financial statements.



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Annexure A referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Nangloi Water Services Private Limited on the financial statements for the year ended 31 March 2022

- xvii) The Company has incurred cash losses in the current financial year and in the immediately preceding financial years amounting to Rs. 3,226.87 lakhs and Rs. 4,324.91 lakhs respectively.
- xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the plans of the Board of Directors and management, and considering the matters described in paragraph 3 under heading 'Basis for Disclaimer of Opinion' of our audit report, material uncertainty exists as on the date of the audit report that may cast significant doubt on the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. Also, refer note 47 of the accompanying financial statements. We further state that our reporting is based on the facts up to the date of the audit report.
- xx) According to the information and explanations given to us, the Company does not meet the criteria as specified under sub-section (1) of section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and according, reporting under clause 3(xx) of the Order is not applicable to the Company.
- xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

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Arun Tandon

Partner

Membership No.: 517273

UDIN: 22517273BGADMY3834

Place: New Delhi

Date: 23 December 2022

Annexure B to the Independent Auditor's Report of even date to the members of Nangloi Water Services Private Limited, on the financial statements for the year ended 31 March 2022

Annexure B

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

- 1) We were engaged to audit the internal financial controls with reference to financial statements of Nangloi Water Services Private Limited ('the Company') as at 31 March 2022 in conjunction with our audit of the financial statements of the Company as at and for the year ended on that date.

Responsibilities of Management for Internal Financial Controls

- 2) The Company's Board of Directors is responsible for establishing and maintaining internal financial controls 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 on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the 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 the Company's business, including adherence to the 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.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

- 3) Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on conducting our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI.
- 4) Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls with reference to financial statements of the Company.

Meaning of Internal Financial Controls with Reference to Financial Statements

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



Annexure B to the Independent Auditor's Report of even date to the members of Nangloi Water Services Private Limited, on the financial statements for the year ended 31 March 2022

of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Disclaimer of Opinion

6) Because of matter described below, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Company's internal financial controls with reference to financial statements were operating effectively as at 31 March 2022:

- a) We are unable to determine whether the Company's internal financial control system with respect to financial statements closure process towards assessing the Company's ability to continue as going concern were operating effectively, due to uncertainties in the judgments and assumptions made by the Company, which could lead to a potential material misstatement in the carrying value and classification of assets and liabilities and consequential impact thereof on the accompanying financial statements.

Further to the above, according to the information and explanations given to us and based on our audit, the following material weaknesses have been specifically identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at 31 March 2022, in the course of our audit of the said financial statements:

- a) The Company's internal financial controls system with respect to assessing impairment of intangible rights, as explained in note 48 to the financial statements, in accordance with the principles of Indian Accounting Standards 38, Intangible assets, were not operating effectively which could lead to a potential material misstatement in the carrying value of intangible rights and its consequential impact on losses, other equity accounts and related disclosures in the financial statements.
- b) The Company's internal financial controls system with respect to financial statements closure process towards appropriate classification of borrowings from lenders of the Company, as explained in note 46 to the financial statements, in accordance with the principles of Indian Accounting Standards 1, Presentation of financial statements, were not operating effectively which could lead to a potential material misstatement in classification of borrowings and related disclosures in the financial statements.
- c) The Company's internal financial controls system with respect to assessing appropriateness and completeness of disclosures made in the financial statements with respect to related parties, as explained in Note 45 to the financial statements, in accordance with the principles of Indian Accounting Standard 24, Related Party Disclosures and the Act were not operating effectively which could lead to potential material misstatement in the compliance with the applicable regulatory requirements with respect to the transactions with such parties.

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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Annexure B to the Independent Auditor's Report of even date to the members of Nangloi Water Services Private Limited, on the financial statements for the year ended 31 March 2022

- 7) We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2022, and the disclaimer has affected our opinion on the financial statements of the Company, and we have issued a disclaimer of opinion on the financial statements.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

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Arun Tandon

Partner

Membership No.: 517273

UDIN: 22517273BGADMY3834

Place: New Delhi

Date: 23 December 2022