

ANNEXURE 10**PROCEDURE FOR LIMITED REVIEW OF THE AUDIT OF ALL THE ENTITIES / COMPANIES
WHOSE ACCOUNTS ARE TO BE CONSOLIDATED WITH THE LISTED ENTITY****1. OBJECTIVE AND CLARIFICATIONS**

- a. The objective of this Procedure is to ensure that the statutory auditors undertaking the audit / review of the Consolidated Financial Statements / Results of the Parent Company obtain desired information as required under the Standard on Auditing (SA) 600, *"Using the Work of Another Auditor"* and the Guidance Note (GN) on Audit of Consolidated Financial Statements (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI) in order to rely on the work of the auditors of the Financial Statements / Results / Information of the Components, while forming and expressing an opinion / conclusion, as applicable, on the Consolidated Financial Statements / Results of the Parent Company under Regulation 33(8) of SEBI LODR Regulations.
However, the audit and limited review of the respective Components that are being consolidated with the Parent Company shall continue to be undertaken by the respective auditors of such Components.
- b. The procedure is applicable for Listed Entities in the case of review of the Consolidated Financial Statements / Results of the Parent Company prepared in accordance with the requirements of:
 - (i) Indian Accounting Standards (Ind AS), [namely, Ind AS 110: Consolidated Financial Statements, Ind AS 28: Investments in Associates and Joint Ventures and Ind AS 111: Joint Arrangements] or
 - (ii) Accounting Standards (AS), [namely, AS 21: Consolidated Financial Statements, AS 23: Accounting for Investments in Associates in Consolidated Financial Statements and AS 27: Financial Reporting of Interests in Joint Ventures].
- c. The procedure does not alter the requirements of limited review or audit of the Standalone / Consolidated Financial Statements/Results of the Parent Company and/or the Standalone Financial Statements/Results of the Components. The requirement for review / audit of the financial Statements / results as mandated by regulations 33(1) and 33(3), continues to exist. Accordingly, the Parent Company could opt to either get the Consolidated Statements / Results subjected to limited review or audit by their auditors.

2. AUDIT / REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS / RESULTS**a. Compliance with Mandatory SAs / SREs / GNs issued by ICAI**

The audit / review of Consolidated Financial Statement / Results should be conducted in accordance with the mandatory Standards on Auditing (SA) / Standards on Review Engagements (SRE), Guidance Notes (GN), as applicable, issued by the ICAI.

In this regard, the audit of Consolidated Financial Statements/Results should be conducted in accordance with the Standard on Auditing (SA) 600, *"Using the Work of Another Auditor"* (hereinafter referred to as SA 600) and the Guidance Note (GN) on Audit of Consolidated Financial Statements (Revised 2016) (hereinafter referred to as GN CFS) issued by the Institute of Chartered Accountants of India (ICAI) and other guidance/guidelines of the ICAI. The review of Consolidated Financial Statements / Results should be conducted in accordance with the Standard on Review Engagements (SRE) issued for the purpose by the ICAI, also to be read in conjunction with SA 600 and GN on CFS.

b. Procedures under SA 600, SRE 2400/2410 and GN on CFS

The Principal Auditor i.e. the auditor of the parent listed entity should plan and perform an audit to obtain sufficient and appropriate audit evidence to express an opinion on the Consolidated Financial Statements / Results. In an audit of Consolidated Financial Statements / Results, the principal auditor (as defined in SA 600) is required to perform various procedures in accordance with SA 600 and GN on CFS issued by the ICAI.

The Principal Auditor should plan and perform the review to obtain moderate assurance as to whether the Consolidated Financial Statements / Results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. In an engagement to review Consolidated Financial Statements / Results also, the Principal Auditor should comply with the requirements of SA 600, SRE 2400/2410 and GN on CFS, as may be applicable.

c. Procedure

Pursuant to (a) and (b) above, the principal auditor (that is, the Parent Company's Auditor) shall, *inter alia*, consider the following procedures, as applicable, with respect to the audit / review of the Consolidated Financial Statements/Results:

(Note: These procedures are not to be construed as being complete and comprehensive and are not a replacement or a substitute to the requirements detailed in the relevant Standards on Auditing / Standards on Review Engagements/Guidance Notes and must, therefore, not be read on a standalone basis)

- i. Obtain an understanding of the consolidation process followed by the Parent Company Management, including the instructions issued by the Parent Company Management to Components.
- ii. Discuss with the other auditor or Component Management those of the Component's business activities that are significant to the group and identify Components that are likely to be Significant (See Explanatory Note below) and Non-significant and develop an overall Consolidated Financial Statements/ Results audit / review plan.

(Explanatory Note: The principal auditor will determine Significant Components. Such determination should be made by the principal auditor based upon their understanding of the risks associated with the consolidated financial statements,



materiality and exercise of professional judgment. However, as a minimum, Significant Components selected by the principal auditor would represent those Components which together with the Parent Company would in the aggregate represent at least eighty percent of each of the consolidated revenue, assets and profits.)

- iii. Determine the materiality for the Consolidated Financial Statements / Results as a whole when establishing the overall Consolidated Financial Statements / Results audit / review plan as well as determine whether the component's financial statements are material to the group to determine whether they should scope in additional components, and consider using the work of other auditors (that is, the Component Auditors), as applicable.
- iv. When planning to use the work of another auditor, the principal auditor shall consider the professional competence of the other auditor in the context of the specific assignment, if the other auditor is not a member of the ICAI –SA 600 Para 11.
- v. Determine the nature, timing and extent of the procedures to be performed by the principal auditor. The principal auditor shall also perform procedures to obtain sufficient appropriate audit evidence, that the work of the other auditor is adequate for the principal auditor's purposes, in the context of the specific assignment.
- vi. Design and perform audit / review procedures on the Consolidated Financial Statements / Results arising from the special considerations relating to the consolidation process.
- vii. When considered necessary by the principal auditor, he may require the other auditor to answer a detailed questionnaire regarding matters on which the principal auditor requires information for discharging his duties. The other auditor should respond to such questionnaire on a timely basis.
- viii. While the principal auditor should consider the significant findings of the other auditor, he may consider it appropriate to discuss with the other auditor and the management of the component, the audit findings or other matters affecting the financial information of the components. He may also decide that supplemental tests of the records or the financial statements of the component are necessary. Such tests may, depending upon the circumstances, be performed by the principal auditor or the other auditor.
- ix. When the principal auditor concludes that the financial information of a component is immaterial, the procedures outlined in SA 600 do not apply. When several components, immaterial in themselves, are together material in relation to the financial information of the entity as a whole, the procedures outlined in SA 600 should be considered.
- x. Obtain Management Representations including those relating to the Consolidated Financial Statements / Results.

- xi. Evaluate and consider all Reporting Considerations including those communicated by the other auditors,
- xii. Include in the audit / review documentation, the matters specified in SA 600 Para 18.

d. Consolidated Financial Statements / Results Audit / Review Instructions

The Consolidated Financial Statements / Results Audit / Review Instructions mentioned below may set out the work to be performed, the use to be made of that work, and the form and content of the other auditor communication with the principal auditor.

The principal auditor shall communicate its requirements to the other auditor on a timely basis. This communication shall set out the work to be performed, the use to be made of that work, and the form and content of the other auditor communication with the principal auditor.

The Parent Company Management is responsible to ensure that there is co-ordination between the principal and other auditor to comply with the requirements of SA 600.

The key matters that may, *inter alia*, be included in the Consolidated Financial Statements / Results audit / review instructions include:

- i. A request that the other auditor, knowing the context in which the principal auditor will use the work of the other auditor, confirms that the other auditor will cooperate with the principal auditor
- ii. Dates of planned visits to the Components, where considered necessary, by the principal auditor and/or meetings with the other auditor, duly considering whether the other auditor is or is not a member of the ICAI
- iii. The principal auditor would inform the other auditor of matters such as areas requiring special consideration, including procedures for the identification of inter component transactions that may require disclosure.
- iv. The ethical and independence requirements that are relevant to the Consolidated Financial Statements/Results audit/review.
- v. The threshold above which misstatements, if any, in the Component's financial Statements/results cannot be regarded as immaterial to the Consolidated Financial Statements/Results.
- vi. A list of Related Parties prepared by Parent Company Management and work to be performed on intra-group transactions and unrealized profits and intra-group account balances.

- vii. Significant Risks of Material Misstatement of the Consolidated Financial Statements/Results, due to Fraud or Error, identified by the principal auditor that are relevant to the work of the other auditor.
- viii. A description of the accounting policies, to ensure consistent application of accounting policies across the group.
- ix. A request that the other auditor communicates on a timely basis any Significant Risks of Material Misstatement of the Consolidated Financial Statements / Results, due to Fraud or Error, identified in the Component and the other auditor's response to such risks
- x. Subsequent Events Review requirements.
- xi. The timetable for completing the audit/review and for submission of deliverables (audited / reviewed financial statement/results, response to questionnaires, summary of significant findings, reports, etc.)
- xii. Information on instances of non-compliance with laws or regulations that could give rise to a material misstatement of the Consolidated Financial Statements / Results.
- xiii. A list of uncorrected misstatements of the financial information of the Component.
- xiv. Indicators of possible management bias in making accounting estimates at the Component level.
- xv. Description of any identified significant deficiencies in internal control at the Component level.
- xvi. Other significant matters that the other auditor communicated or expects to communicate to those charged with governance of the Component, including fraud or suspected fraud involving Component Management, employees who have significant roles in internal control at the Component level or others where the fraud resulted in a material misstatement of the financial information of the Component.
- xvii. Any other matters that may be relevant to the audit/review of the Consolidated Financial Statements/Results, or that the other auditor wishes to draw to the attention of the principal auditor, including exceptions noted in the written representations that the other auditor requested from the Component Management.

The list above is not exhaustive and other matters, as decided by the Principal Auditor may be included. However, if the principal auditor decides not to include any of the key matters mentioned above, he may do so with reasons recorded in writing.

The other auditor should:

- (a) Initially, provide an acknowledgement to the principal auditor for the receipt of the instructions; and
- (b) Finally, provide a confirmation to the principal auditor regarding compliance with the instructions received, together with the applicable audit/review report.

Note: Necessary guidance provided by the ICAI in relation to this procedure should be followed