

B S R & Co. LLP

Chartered Accountants

B S R & Co. LLP

Godrej Waterside, Unit No 603
6th Floor, Tower 1, Plot No 5, Block - DP
Sector V, Salt Lake, Kolkata - 700091

Telephone: +91 33 4035 4200

Fax: +91 33 4035 4295

Limited review report on unaudited quarterly standalone financial results and standalone year-to-date results under Regulation 52 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 (“Listing Regulations”)

To

Board of Directors of GNRC Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of GNRC Limited for the quarter ended and year to date results for the period from 1 April 2021 to 30 September 2021 (“the Statement”) attached herewith, being submitted by the Company pursuant to the requirements of Listing Regulations. Attention is drawn to Note (4) to the Statement, that the figures for the quarter ended 30 September 2020 and the corresponding cash flow statement for the six months ended 30 September 2020 are not presented since the requirement of submission of quarterly financial results and the cash flow statement has become mandatory with effect from quarter ended 30 September 2021.
2. This Statement, which is the responsibility of the Company’s management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “*Interim Financial Reporting*” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is 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. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Attention is drawn to Note (5) to the Statement which explains in detail, that the Company has listed its Non-Convertible Debentures ('NCDs') on the Bombay Stock Exchange in the month of May 2021. Accordingly, the accompanying financial results have been prepared by the management in accordance with SEBI Regulations for the first time. Further, the comparative financial results of the Company for the period from 1 April 2020 to 30 September 2020 which are included in the financial results, have been approved by the Company’s Board of Directors but have not been subjected to review. Our conclusion is not modified in respect of this matter.
5. Attention is also drawn to the fact that the figures for the previous year ended 31 March 2021, including the reconciliation of net loss under Indian Accounting Standards ("Ind AS") of the previous year ended 31 March 2021, with net loss reported under previous GAAP, as reported in these financial results have been approved by Company's Board of Directors but have not been subjected to review. Our conclusion is not modified in respect of this matter.

Principal Office:

6. We draw attention to Note (6) to the Statement regarding the accounting for the Scheme of Amalgamation ('the Scheme') of GNRC Infotech Private Limited (GNRCI) with the Company in the year 2018-19. As per the Scheme, the fair value of investments in the Company held by the Transferor Company, i.e. GNRCI prior to amalgamation and the issued equity share capital and securities premium appearing in the books of the Company as on the appointed date should be cancelled and the difference should be recorded as Goodwill. Such accounting treatment of the cancellation of own shares overrides the relevant requirements of the Previous GAAP according to which the resultant difference of Rs 6,320.28 lakhs should have been adjusted to reserves and surplus. Further, as per the Scheme, goodwill should be equally amortised over a period of 5 years. The Company had accounted for the amalgamation in accordance with the Scheme.

On transition to Ind AS, the Company has opted to not apply Ind AS 103 retrospectively to the past business combinations and hence in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, it has recognised assets and liabilities (including goodwill) of the Transferor Company as on the transition date of 1 April 2020 at carrying values as per the previous GAAP. Accordingly, the goodwill (including the amount of Rs 6,320.28 lakhs recognised on cancellation of shares) as recognised on merger has not been adjusted. Further, in accordance with the Scheme, the goodwill will continue to be amortised which overrides the relevant requirements of Ind AS 36 which requires that goodwill is not amortised but is required to be mandatorily tested for impairment annually. The unamortised goodwill as at 1 April 2020 aggregating to Rs 4,002.59 lakhs will be amortised over the remaining period of three years and two months. The amortisation recognised during the quarter ended 30 September 2021 and year to date results for the period from 1 April 2021 to 30 September 2021 are Rs 315.99 lakhs and Rs 631.99 lakhs respectively (Rs 1,263.98 lakhs for the year ended 31 March 2021).

Our opinion is not modified in respect of this matter.

7. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration number: 101248W/W-100022

Jayanta Mukhopadhyay

Partner

Membership No. 055757

UDIN: 22055757AAAAAA2922

Place: Kolkata

Date: 11 January 2022