

B S R & Co. LLP

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Limited Review Report on unaudited standalone financial results of GNRC Limited for the quarter ended 31 December 2021 and year-to-date results for the period from 1 April 2021 to 31 December 2021 pursuant to Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of GNRC Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of GNRC Limited ("the Company") for the quarter ended 31 December 2021 and year-to-date results for the period from 1 April 2021 to 31 December 2021 ("the Statement").

Attention is drawn to the fact that the figures for the corresponding quarter ended 31 December 2020, the corresponding period from 1 April 2020 to 31 December 2020 and for the previous year ended 31 March 2021, as reported in these unaudited standalone financial results have been approved by the Company's Board of Directors, but have not been subjected to review since the Company has listed its Non-Convertible Debentures ('NCDs') on the Bombay Stock Exchange in the month of May 2021.

Attention is invited to the fact that the figures for the corresponding quarter ended 31 December 2020, the corresponding period from 1 April 2020 to 31 December 2020 and for the previous year ended 31 March 2021, including the reconciliation of loss under Ind AS of the corresponding quarter with loss reported under previous GAAP, as reported in these unaudited standalone financial results have been approved by the Company's Board of Directors but have not been subjected to review.

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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. 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 3 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

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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 31 December 2021 and year to date results for the period from 1 April 2021 to 31 December 2021 are Rs 315.99 lakhs and Rs 947.98 lakhs respectively (Rs 1,263.98 lakhs for the year ended 31 March 2021).

Our conclusion is not modified in respect of this matter.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

JAYANTA

MUKHOPADHYAY

Jayanta Mukhopadhyay

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Partner

Membership No.: 055757

UDIN:22055757ABIEXC2861

Kolkata

11 February 2022