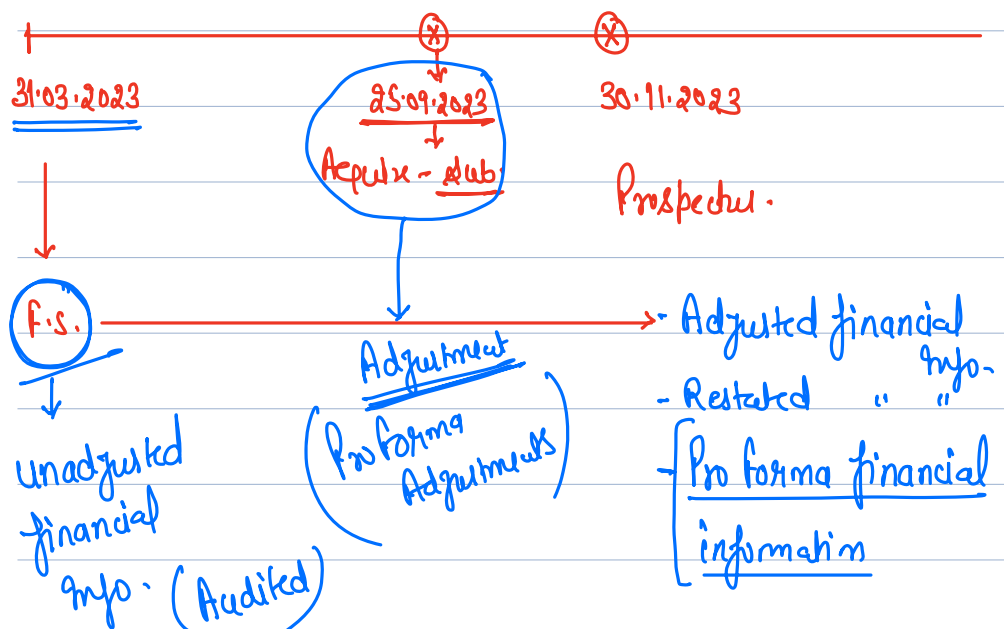
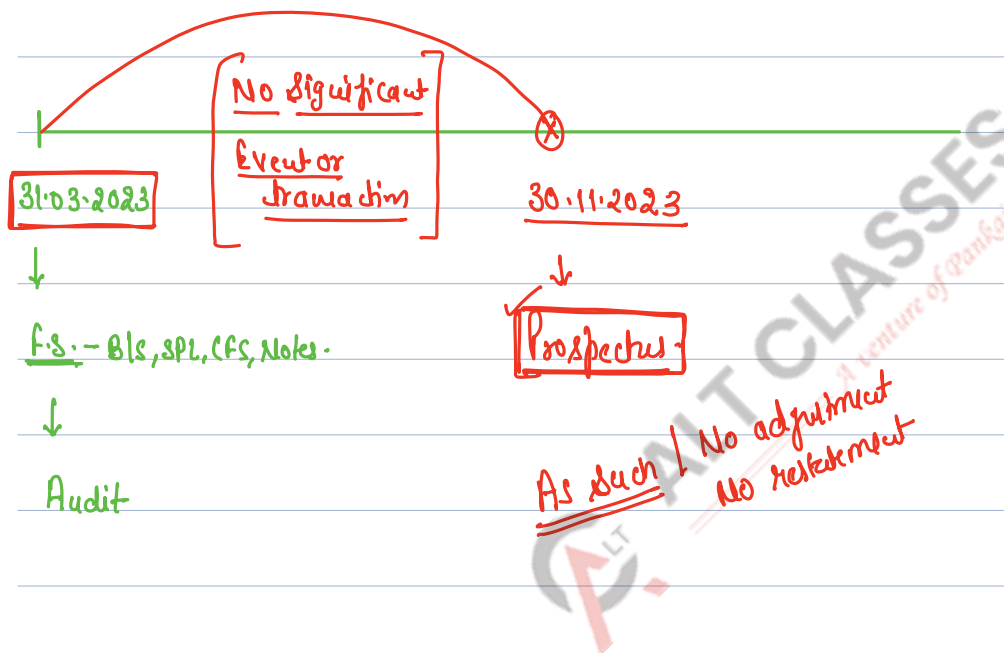


Chapter - 11 "PFI and Other Assurance Services"

Topics Covered:

- (1) Other Assurance Engagements
- (2) SAE - 3400 - "Examination of PFI"
- (3) SAE - 3402 - "Assurance Reports on Controls at S.O."
- (4)



PRO FORMA Financial Info.

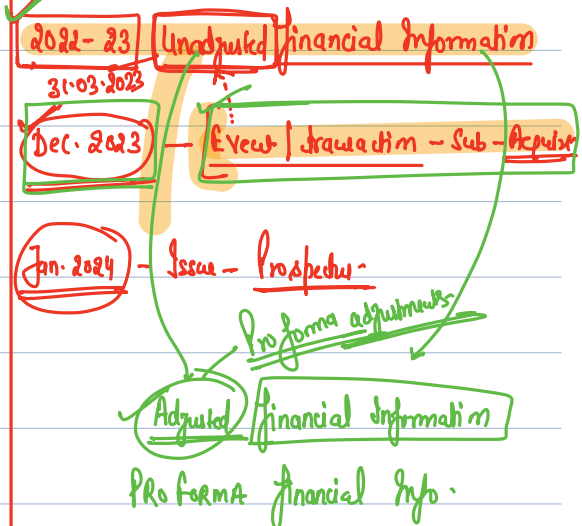
[SEBI (ICDR) Regulations, 2018]

Company → Prospectus

Pro forma financial info. ✓

31.03.2023 — Sub. - acquire.
2022-23 — ~~Dec. 2023~~ Sub - Divestment

Jan. 2024 — Issue the securities.



(4) SAE - 3420 "Assurance Engagements to Report on the Compilation of Pro forma Financial Information included in a Prospectus" (PFFI)

(i) Scope of SAE - 3420: Reasonable Assurance Engagement by a Practitioner to report on compilation of PFFI included in a Prospectus.
[Legal Framework - SEBI (ICDR) Regulations, 2018]

(ii) Meaning of PFFI: Financial Information shown together with adjustments

↓
to illustrate impact of an event or transaction

↓
on unadjusted financial information

(may be audited / unaudited)

↓
as if the event had occurred or transaction has been undertaken at an earlier date.

* may be in the form of Balance Sheet; Statement of Profit & Loss, Cash flow stn.

Proforma Adjustments:

Adjustments to unadjusted financial information that

↓
(a) illustrate impact of

- Significant Events; or
- Transactions

as if the event has occurred

or transaction had been

undertaken at an earlier date.

↓
(b) are necessary for the PFFI

to be compiled on a basis

consistent with applicable FRF

of Reporting Entity and its

Accounting Policies.

** Acquisition of a subsidiary

(iii) Compilation of PFFI: Compilation of PFFI is responsibility of Responsible Party. For this purpose, Responsible Party shall:

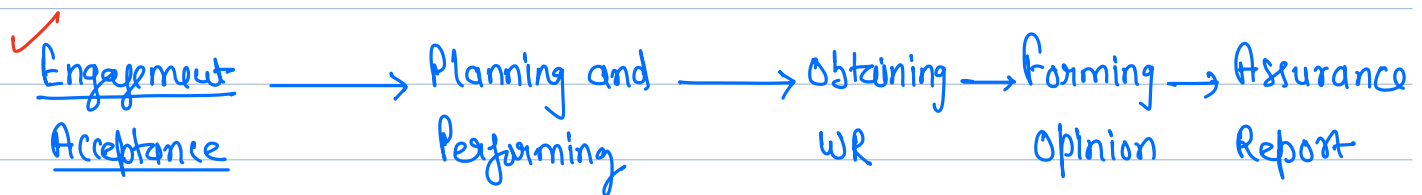
- Identify the source of unadjusted financial information to be used in compiling PFFI and extract unadjusted financial info. from that source.

★ Annual Report

- Making Pro Forma Adjustments to PFFI.
- Presenting PFFI with Accompanying disclosures.

(iv) Nature of Practitioner Responsibility: Reasonable Assurance Engagement
↓ to report
Whether PFFI has been compiled in all material respects on the basis of Applicable Criteria.

(v) Steps Involved:



(vi) Engagement Acceptance: Before agreeing to accept, practitioner shall:

- Determine whether he possesses necessary capabilities and competence.
- " suitability of applicable criteria.
- Evaluate wordings of opinion prescribed by law and Regulation to determine that he will be able to express the prescribed opinion.

~~Imp~~

(d) If source from which unadjusted financial information is extracted, have been audited or reviewed and audit opinion / review conclusion is modified or report contains ESM Para,



Consider whether law and regulation permits use of or reference of such modification or ESM Para in Practitioner Report.

~~Imp~~

(e) If Entity historical financial statements has never been audited or reviewed



Consider whether sufficient understanding of entity and its accounting and financial reporting practices can be obtained.

(f) Obtain agreement of Responsible Party that it acknowledges and understand its responsibilities for:

(i) Adequate disclosure and description of applicable Criteria.

(ii) Compiling PFFI on the basis of applicable Criteria.

(iii) Providing the practitioner with:

(a) Access to all information such as records, documentation and other relevant material.

(b) Additional information that practitioner may request from Responsible Party.

(c) Access to persons within the Entity from whom practitioner determines it necessary to obtain Evidences.

vii) Planning and Performing Engagement:

- (a) Assess whether the applicable criteria is suitable.
- (b) Consider Materiality to Evaluate whether PFFI has been compiled in all material respects on the basis of applicable criteria.
- (c) Obtain an understanding of how the responsible party has compiled the PFFI.
- (d) Obtain Evidences as to appropriateness of:
 - Source from which unadjusted financial info. has been extracted.
 - Proforma Adjustments.
- (e) Evaluate Presentation of PFFI.
- (f) Read the Other Information included in the Prospectus containing PFFI to identify any material inconsistencies with the PFFI.

viii) Forming an opinion:

(A) Unmodified opinion

↓ will be issued

if PFFI has been compiled in all material respects, by the responsible party

↓

on the basis of applicable criteria.

(B) ^{Impr} Modified opinion

↓

If law and regulation precludes publication of a prospectus that contains a modified opinion

↓ and

Practitioner concludes that unmodified opinion cannot be expressed

↓

Discuss with Responsible Party

↓

Responsible Party not agree to make necessary changes