

NAVY'S BUILD-IN-INDIA CONTRACT

Germany, Spain in race for \$4.8-bn submarine deal

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Boeing starts making Apache choppers for Indian Army

AMERICAN AEROSPACE major Boeing on Wednesday said it is starting production of the Apache choppers to be delivered to the Indian Army. The company will deliver a total of six AH-64E Apaches to the Indian Army. The AH-64 Apache is one of the world's most advanced multi-role combat helicopters and is flown by the US Army. Boeing is starting production of the Indian Army's Apaches in Mesa, Arizona," the company said. Earlier this year, Tata Boeing Aerospace delivered the Indian Army's first AH-64 Apache fuselage from its advanced facility in Hyderabad. "We are pleased to reach yet another significant milestone, highlighting Boeing's unwavering commitment to support India's defence capabilities," said Salil Gupta, president, Boeing India. — PTI

platforms such as fighter aircraft and submarines.

The Ministry of Defence, Larsen & Toubro, and MDL did not respond to requests for comment. Thyssenkrupp confirmed the bid and referred to a June 7 statement while Navantia didn't respond to an emailed request for comment.

Shares in Indian shipyards gained on Wednesday, led by Garden Reach Shipbuilders & Engineers with a 17% rally and Cochin Shipyard at 16%. Mazagon Dock climbed 4.4%

EXPLAINER

WHY DELOITTE & ADANI PORTS PARTED WAYS

The board of Adani Ports and SEZ (APSEZ) last week appointed MSKA & Associates as the company's auditors. Earlier, it had, on the advice of its audit committee, accepted the resignation of Deloitte Haskins & Sells as statutory auditors. We delve into the reasons for Deloitte's resignation and take a look at its opinions on the accounts



On Hindenburg allegations...

THE ADANI GROUP informed Deloitte it did not consider an external examination of the allegations made in the Hindenburg short-seller report necessary as they were being probed by the Securities and Exchange Board of India (Sebi). The Group also said there is no impact of the allegations on the consolidated financial statements. This was based on its evaluation and on a memorandum by an external law firm on the responses provided by the Group. But, Deloitte said the evaluation carried out by the Group is not sufficient "appropriate audit evidence" for the purpose of its audit. Without an external probe and pending Sebi's report, and in respect of the sale of the container terminal, Deloitte expressed its inability to comment on whether these or other transactions would result in any changes or disclosures to the accounts. It could not comment on whether the Group "should have complied" with regulations.

Differences between Deloitte and APSEZ

DELOITTE HAD asked for a wider role as auditors of other listed Adani firms as it believed it couldn't give the correct opinion without examining inter-group transactions. However, APSEZ said group-wide appointments were outside of the remit of its board.

The other companies, it said, were independent, with separate boards and minority shareholders. Deloitte's point seems to have been that the scope of the audit didn't extend to transactions or balances that may have occurred between group firms suppliers, customers or other parties. Auditors are now wary of fraud and malpractices and are reluctant to take on responsibilities without access to complete information. APSEZ's audit committee felt Deloitte's reasons for quitting were not convincing.

₹2,590.13 cr LOAN BY ADANI HARBOUR SERVICES TO FELLOW SUBSIDIARY FLAGGED

Adani Group EXAMINING HINDENBURG CLAIMS NOT SUFFICIENT "AUDIT EVIDENCE"

EPC contracts WITH FELLOW SUBSIDIARY FLAGGED; NET ₹3,749.65 CR RECOVERABLE

Terms of sale REWORKED FOR CONTAINER TERMINAL

Qualified opinion by Deloitte on EPC contract

IN A QUALIFIED opinion on the consolidated financial statements of APSEZ, Deloitte observed APSEZ had entered into substantial EPC (engineering, procurement, and construction) purchase contracts with a fellow subsidiary—Contractor—of a party identified in the allegations made by the Hindenburg report.

As of March 31, 2023, a net balance of ₹3,749.65 crore was recoverable from this contractor of which ₹2,036.65 crore relates to security deposits paid to the contractor and ₹1,680.23 crore in respect of capital advances.

Deloitte also pointed out that security deposits of ₹1,075.63 crore had been given before April 1, 2022—of which, security deposits of ₹253.6 crore relate to projects that had not started as of March 31, 2023.

Terms of sale of container terminal reworked

DELOITTE HAD pointed out that post the year-end, APSEZ had re-worked the terms of the sale of its container terminal under construction in Myanmar—held through a subsidiary that is audited by other auditors—with Solar Energy Limited, a company that is incorporated in Anguilla.

Deloitte noted that the consideration amount was lowered from ₹2,015 crore to ₹246.5 crore, and that an impairment loss of ₹1,273.38 crore had been taken as an expense in the P&L statement.

APSEZ has informed Deloitte that the buyer is not a related party.

Qualified opinion on Adani Harbour Services Ltd

IN FY22, Adani Harbour Services (AHS) had loaned ₹2,590.13 crore to a fellow Adani subsidiary at a contractual interest rate of 7.5%. The discretion to pay the interest and principal rested with the fellow subsidiary. Deloitte noted that since AHS didn't determine "the fair value on the initial recognition", it was unable to ascertain the

impact of this transaction on the financial statements for FY22 and FY23.

It noted AHS should have used a different financial treatment. It said the company entered into financing transactions with a party identified in the Hindenburg allegations, which AHS said was "not a related party".

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