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Report on

2012 Inspection of P. Parikh & Associates

(Headquartered in Mumbai, Republic of India)

Issued by the

Public Company Accounting Oversight Board

May 2, 2013

THIS IS A PUBLIC VERSION OF A PCAOB INSPECTION REPORT

PORTIONS OF THE COMPLETE REPORT ARE OMITTED FROM THIS DOCUMENT IN ORDER TO COMPLY WITH SECTIONS 104(g)(2) AND 105(b)(5)(A) OF THE SARBANES-OXLEY ACT OF 2002

PCAOB RELEASE NO. 104-2013-109

PCAOB
Public Company Accounting Oversight Board

Notes Concerning this Report

1. Portions of this report may describe deficiencies or potential deficiencies in the systems, policies, procedures, practices, or conduct of the firm that is the subject of this report. The express inclusion of certain deficiencies and potential deficiencies, however, should not be construed to support any negative inference that any other aspect of the firm's systems, policies, procedures, practices, or conduct is approved or condoned by the Board or judged by the Board to comply with laws, rules, and professional standards.

2. Any references in this report to violations or potential violations of law, rules, or professional standards are not a result of an adversarial adjudicative process and do not constitute conclusive findings of fact or of violations for purposes of imposing legal liability. Similarly, any description herein of a firm's cooperation in addressing issues constructively should not be construed, and is not construed by the Board, as an admission, for purposes of potential legal liability, of any violation.

3. Board inspections encompass, among other things, whether the firm has failed to identify financial statement misstatements, including failures to comply with Securities and Exchange Commission ("SEC" or "Commission") disclosure requirements, in its audits of financial statements. This report's descriptions of any such auditing failures necessarily involve descriptions of the apparent misstatements or disclosure departures. The Board, however, has no authority to prescribe the form or content of an issuer's financial statements. That authority, and the authority to make binding determinations concerning whether an issuer's financial statements are misstated or fail to comply with Commission disclosure requirements, rests with the Commission. Any description, in this report, of financial statement misstatements or failures to comply with Commission disclosure requirements should not be understood as an indication that the Commission has considered or made any determination regarding these issues unless otherwise expressly stated.

PCAOB
Public Company Accounting Oversight Board

2012 INSPECTION OF P. PARIKH & ASSOCIATES

In 2012, the Public Company Accounting Oversight Board ("PCAOB" or "the Board") conducted an inspection of the registered public accounting firm P. Parikh & Associates[1/] ("the Firm"). The Board is issuing this report of that inspection in accordance with the requirements of the Sarbanes-Oxley Act of 2002 ("the Act").

The Board is making portions of the report publicly available. Specifically, the Board is releasing to the public Part I of the report and portions of Part IV of the report. Part IV of the report consists of the Firm's comments, if any, on a draft of the report.[2/]

The Board has elsewhere described in detail its approach to making inspection-related information publicly available consistent with legal restrictions.[3/] A substantial portion of the Board's criticisms of a firm (specifically criticisms of the firm's quality control system), and the Board's dialogue with the firm about those criticisms, occurs out of public view, unless the firm fails to make progress to the Board's satisfaction in addressing those criticisms. In addition, the Board generally does not disclose otherwise nonpublic information, learned through inspections, about the firm or its clients. Accordingly, information in those categories generally does not appear in the publicly available portion of an inspection report.

1/ The Firm has issued audit reports under the name of P. Parikh & Associates Chartered Accountants.

2/ The Board does not make public any of a firm's comments that address a nonpublic portion of the report unless a firm specifically requests otherwise. In addition, pursuant to section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report at all. The Board routinely grants confidential treatment, if requested, for any portion of a firm's response that addresses any point in the draft that the Board omits from, or any inaccurate statement in the draft that the Board corrects in, the final report.

3/ See Statement Concerning the Issuance of Inspection Reports, PCAOB Release No. 104-2004-001 (August 26, 2004).

PART I

INSPECTION PROCEDURES AND CERTAIN OBSERVATIONS

Members of the Board's inspection staff ("the inspection team") conducted primary procedures for the inspection from April 16, 2012 to April 19, 2012. These procedures were tailored to the nature of the Firm, certain aspects of which the inspection team understood at the outset of the inspection to be as follows:

Number of offices	14 (Adelaide and Melbourne, Commonwealth of Australia; Hong Kong Special Administrative Region, People's Republic of China; Ahmedabad, Hyderabad, Mumbai, New Delhi, Pune, and Vadodara, Republic of India; Zurich, Swiss Confederation; Dubai, United Arab Emirates; London, United Kingdom of Great Britain and Northern Ireland; and New York, New York)
Ownership structure	Partnership
Number of partners	18
Number of professional staff[4/]	59

[4/] "Professional staff" includes all personnel of the Firm, except partners or shareholders and administrative support personnel. The number of partners and professional staff is provided here as an indication of the size of the Firm, and does not necessarily represent the number of the Firm's professionals who participate in audits of issuers or are "associated persons" (as defined in the Act) of the Firm.

Number of issuer audit clients[5/] 1

Board inspections are designed to identify and address weaknesses and deficiencies related to how a firm conducts audits.[6/] To achieve that goal, Board inspections include reviews of certain aspects of selected audits performed by the firm and reviews of other matters related to the firm's quality control system.

In the course of reviewing aspects of selected audits, an inspection may identify ways in which a particular audit is deficient, including failures by the firm to identify, or to address appropriately, respects in which an issuer's financial statements do not present fairly the financial position, results of operations, or cash flows of the issuer in conformity with U.S. Generally Accepted Accounting Principles ("GAAP"), or, as applicable, International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").[7/] It is not the purpose of an inspection, however, to review all of a firm's audits or to identify every respect in which a reviewed audit is deficient. Accordingly, a Board inspection report should not be understood to provide any assurance that the firm's audits, or its issuer clients' financial statements or

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[5/] The number of issuer audit clients shown here is based on the Firm's self-reporting and the inspection team's review of certain information for inspection planning purposes. It does not reflect any Board determination concerning which, or how many, of the Firm's audit clients are "issuers" as defined in the Act. In some circumstances, a Board inspection may include a review of a firm's audit of financial statements and internal control over financial reporting ("ICFR") of an issuer that ceased to be an audit client before the inspection, and any such former clients are not included in the number shown here.

[6/] This focus on weaknesses and deficiencies necessarily carries through to reports on inspections and, accordingly, Board inspection reports are not intended to serve as balanced report cards or overall rating tools.

[7/] When it comes to the Board's attention that an issuer's financial statements appear not to present fairly, in a material respect, the financial position, results of operations, or cash flows of the issuer in conformity with GAAP or IFRS, the Board's practice is to report that information to the SEC, which has jurisdiction to determine proper accounting in issuers' financial statements.

reporting on internal control, are free of any deficiencies not specifically described in an inspection report.

In addition, inclusion of a deficiency in an inspection report does not mean that the deficiency remained unaddressed after the inspection team brought it to the firm's attention. Under PCAOB standards, when audit deficiencies are discovered after the date of the audit report, a firm must take appropriate action to assess the importance of the deficiencies to the firm's present ability to support its previously expressed audit opinions.[8/] Depending upon the circumstances, compliance with these standards may require the firm to perform additional audit procedures, or to inform a client of the need for changes to its financial statements or reporting on internal control, or to take steps to prevent reliance on previously expressed audit opinions. A Board inspection does not typically include review of a firm's actions to address deficiencies identified in that inspection, but the Board expects that firms are attempting to take appropriate action, and firms frequently represent that they have taken, are taking, or will take, action. If, through subsequent inspections or other processes, the Board determines that the firm failed to take appropriate action, that failure may be grounds for a Board disciplinary sanction.

A. Review of Audit Engagement

The inspection procedures included a review of aspects of the Firm's auditing of financial statements of one issuer. The scope of this review was determined according to the Board's criteria, and the Firm was not allowed an opportunity to limit or influence the scope.

The inspection team identified what it considered to be audit deficiencies. The deficiencies included failures by the Firm to perform, or to perform sufficiently, certain necessary audit procedures.

[8/] See AU 390, *Consideration of Omitted Procedures After the Report Date,* and AU 561, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report* (both included among the PCAOB's interim auditing standards, pursuant to PCAOB Rule 3200T), and PCAOB Auditing Standard No. 5, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements* ("AS No. 5"), ¶ 98.

In some cases, an inspection team's observation that a firm failed to perform a procedure may be based on the absence of documentation and the absence of persuasive other evidence, even if a firm claims to have performed the procedure. PCAOB Auditing Standard No. 3, *Audit Documentation* ("AS No. 3"), provides that, in various circumstances including PCAOB inspections, a firm that has not adequately documented that it performed a procedure, obtained evidence, or reached an appropriate conclusion must demonstrate with persuasive other evidence that it did so, and that oral assertions and explanations alone do not constitute persuasive other evidence. See AS No. 3, paragraph 9 and Appendix A to AS No. 3, paragraph A28. For purposes of the inspection, an observation that the Firm did not perform a procedure, obtain evidence, or reach an appropriate conclusion may be based on the absence of such documentation and the absence of persuasive other evidence.

The deficiencies identified in the audit reviewed included deficiencies of such significance that it appeared to the inspection team that the Firm, at the time it issued its audit report, had not obtained sufficient appropriate audit evidence to support its opinion on the issuer's financial statements or ICFR. Those deficiencies were –

(1) the failure to perform sufficient procedures to test revenue;

(2) the failure to perform sufficient procedures to test the valuation of long-lived assets;

(3) the failure, in an audit of ICFR, to gain an understanding of the internal controls related to the valuation of long-lived assets and perform procedures to test the design and operating effectiveness of these controls; and

(4) the failure to perform sufficient procedures to test contingent liabilities.

B. Review of Quality Control System

In addition to evaluating the quality of the audit work performed on a specific audit, the inspection included review of certain of the Firm's practices, policies, and procedures related to audit quality. This review addressed practices, policies, and procedures concerning audit performance, training, compliance with independence standards, client acceptance and retention, and the establishment of policies and procedures. Any defects in, or criticisms of, the Firm's quality control system are discussed in the nonpublic portion of this report and will remain nonpublic unless the

Firm fails to address them to the Board's satisfaction within 12 months of the date of this report.

END OF PART I

PARTS II AND III OF THIS REPORT ARE NONPUBLIC
AND ARE OMITTED FROM THIS PUBLIC DOCUMENT

PART IV

RESPONSE OF THE FIRM TO DRAFT INSPECTION REPORT

Pursuant to section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the Firm provided a written response to a draft of this report. Pursuant to section 104(f) of the Act and PCAOB Rule 4007(b), the Firm's response, minus any portion granted confidential treatment, is attached hereto and made part of this final inspection report.[9/]

[9/] In any version of an inspection report that the Board makes publicly available, any portions of a firm's response that address nonpublic portions of the report are omitted. In some cases, the result may be that none of a firm's response is made publicly available.

P. PARIKH & ASSOCIATES
CHARTERED ACCOUNTANTS
H.O. 501, SUJATA, OFF. NARSI NATHA STREET, MUMBAI 400 009. TEL.2344 3549, 2343 7853. FAX. 2341 5455.
Website: www.pparikh.com.

March 16, 2013

Ms. Helen A. Munter
The Director
Division of Registration and Inspections
PCAOB
1666 K Street, N.W.
Washington, DC 20006

Re: Response to Draft Report of Inspection dated February 12, 2013

Dear Ms. Munter:

P. Parikh & Associates ("the Firm") thanks you for the opportunity to respond to the Public Company Accounting Oversight Board's Draft Report of Inspection conducted in April 2012 for the Firm's 2011 audit.

We support the Board's inspection process and are committed towards quality and continuous improvement.

We have carefully considered and evaluated the matters identified by the Board in its Draft Inspection report. With reference to the deficiencies pointed out in Part I A for Issuer A, we would like to state the following:

- Testing revenue:
  The firm maintains that it performed sufficient procedures to test revenue. All the significant sources of revenue were tested by us through compliance and substantive procedures. The internal controls were verified during the Walkthrough and Testing stages. On the basis of the results, further testing in detail was performed. Our substantive procedures included the verification of revenue accounting, billing, analytical review and ratios, scrutiny of ledgers, cut off procedures, agreement/contracts and so on. However, many times the substantive procedures were performed on the systems of the client or on live data due to which they were not documented in certain cases. The firm accepts and believes that the procedures performed should be documented correctly and there is always a scope for improvement. The firm has made significant changes to its audit program for verification of revenue so as to take care of the PCAOB comments and suggestions by the Inspection Team.

- Valuation of long-lived assets & testing its internal controls
  With regard to verification of property and equipment, our procedures included cross verifying the fixed assets register with the existence, accuracy, completeness and valuation of fixed assets. This was done in addition to understanding and testing the design and operating effectiveness internal controls relating to valuation of long lived assets. It may also be mentioned that approximately 50-60% of fixed assets consisted of underground cables and intangible assets and hence, it was not possible to physically verify the same. Also, our vouching process includes the verification of invoices along with the delivery challans for

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obtaining the delivery of the said fixed assets, for the purchases of fixed assets for the relevant years supported by the payments made for the same, whereby we can vouch for the delivery and ownership of the said fixed assets, in the name of the issuer. As regards the procedures over the assessment of recoverability and impairment of long-lived assets, the management provided us with its impairment analysis which was duly verified by us. We evaluated the presence, if any of any indicators of impairment and discussed our understanding of the same with the management. Some of the above procedures were not adequately documented due to which we could not entirely support our opinion on ICFR of the issuer to the Inspection Team. However, we have made adequate additions to the audit program for verification of fixed assets including impairment.

- Testing contingent liabilities:
  During the course of audit, we had gone through the individual files of litigations, claims and assessments which were available with the legal and taxation departments. During our discussions with the management, we were informed that there is regular correspondence with the lawyers which was also shared with us. We went through the correspondence and other documentation of the legal cases. We analyzed the files taking care of the materiality and facts of the case. With regard to the taxation matters, we had verified the documents and had a detailed discussion with the Tax Consultant and the DGM Accounts who was handling the matter with the Tax Authorities. In the case of legal matters, we had verified the correspondence entered into by the lawyers and the management and verified the amount of claims as provided by the management and verified the individual files and the correspondence with the lawyers. Thus, we confirmed on the existence of these cases and found them to be genuine. Hence, the direct confirmations were not sought for.
  However, we have made adequate additions to our procedures and included the same in our audit program so that the firm requests the client's management to send letters of inquiry to those attorneys with whom management consulted concerning litigation, claims, and assessments in accordance with PCAOB auditing standard AU Section 337.

Redacted - Comments on Non-public Aspects of Report

We look forward to continuing to work with PCAOB in support of efforts to improve audit quality. We are available to the Board and its staff to discuss our response in further detail

Sincerely,

For P. Parikh & Associates
Sandeep Parikh
Partner

BRANCH OFFICES
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