

## STANDALONE AUDITOR'S REPORT

### To the Members of SKIL Infrastructure Limited Report on Standalone Ind AS Financial Statements

#### Opinion

We have audited the standalone Ind AS financial statements of SKIL Infrastructure Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under the Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to Note No.16.1.X of the financial statements pertaining to the Long Term Borrowing of the Company. Our Opinion is not modified in respect of this matter.

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### *i. Evaluation of Contingent Liabilities*

(Refer note 28 – "Contingent Liabilities") There are a number of material regulatory and tax cases against the Company. Significant judgement is required in estimating / reassessing the level of provisioning and/or disclosures. The management's assessment is supported by the facts, documents in addition to the advice from independent legal/ tax consultants obtained by them. We considered this as a Key Audit Matter as the eventual outcome of litigations is uncertain and the positions taken by the Management are based on the application of significant judgement and estimation. Any unexpected adverse outcomes could significantly impact the Company's results and financial position.

#### Auditors Response

Our procedures included, Discussing with the management and tax and regulatory department heads to understand significant matters under litigation; Reading replies and stand taken by the Company in the litigation, Reading external legal opinions obtained by management, where available; Assessing management's conclusions;

For Direct and Indirect tax litigations, involving internal tax experts to understand the current status of tax cases and monitoring changes in the disputes by reading details received by the Company; Performing detailed procedures on the underlying calculations supporting the provisions recorded and ensuring adequacy of disclosures made.

Based on the above procedures performed, we have not identified any significant exceptions relating to disclosure of contingent liabilities and accounting for provisions for litigations.

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements

or our knowledge obtained in the audit, or otherwise appears to be materially misstated, if based on the work we performed, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of Management and Those charged with Governance for the Standalone Financial Statements**

The company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including Other Comprehensive Income), Changes In Equity and Cash Flows of the company in accordance with the accounting principles generally accepted in India including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this report are in agreement with the books of account
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act
  - (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - (f) With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act
  - (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The company has, to the extent ascertainable, disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

**For Kailash Chand Jain & Co.**  
**Chartered Accountants**  
**Firm Registration No.: 112318W**

**Saurabh Chouhan**  
**Partner**  
**Membership No.: 167453**

**Place : Mumbai**  
**Date : 28/05/2019**

## Annexure A to the Independent Auditor's Report

The Annexure referred to in our report to the members of **SKIL Infrastructure Limited** ("the Company") for the year Ended on 31<sup>st</sup> March, 2019. We report that:

- i. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets has been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the company and nature of its fixed assets and no material discrepancies were noticed on such physical verification.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the Standalone Ind AS Financial Statements and according to the information and explanations given by the management, the title deed of immovable properties are held in the name of the company.
- ii. The Company doesn't have any inventory, hence the clause of the Para 3 (ii) is Not Applicable.
- iii. According to the information and explanation given to us, the company has unsecured loans to companies covered in the register maintained under section 189 of the Companies Act., in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
  - (b) The Loans are repayable on demand and hence sub-clause (b) & (c) are not applicable.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act 2013 in respect of grant of loans, investments, guarantees and securities.
- v. According to information and explanation given to us, the company has not accepted any public deposits, and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable for the year under audit.
- vi. We have been informed by the management that the Central Government has not prescribed maintenance of cost records for the Company under sub-section (1) of section 148 of the Companies Act, 2013. Therefore the provision of clause (vi) of para 3 is not applicable.
- vii. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including provident funds, goods and service tax and other material statutory dues applicable with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2019, for the period of more than six months from the date becoming payable except the following.

Particulars	Amount in Lakhs
Income tax (TDS)	Rs. 218.92
Income tax liability	Rs. 224.82
Interest payable on TDS	Rs. 57.43
Stamp duty payable	Rs. 2500.00
<b>Total</b>	<b>Rs. 3001.17</b>

- (b) According to the information and explanations given to us there are no dues of Income Tax, Wealth Tax, Goods and Service Tax, Customs Duty, Excess Duty, VAT, Goods and Service tax and cess on account of any dispute which have not been deposited except mentioned below.

Name of the Statute	Nature of the dues	Year	Amount (Rs. in Lakhs)	Forum where dispute is pending
Income Tax Act, 1961	Income tax block assessment dues	A.Y. 2007-08	239.42	ITAT (Appeals)- Mumbai
Income Tax Act, 1961	Income tax block assessment dues	A.Y. 2008-09	865.60	ITAT (Appeals)- Mumbai
Income Tax Act, 1961	Income Tax Regular assessment dues	A.Y. 2009-10	81.80	ITAT (Appeals)- Mumbai
Income Tax Act, 1961	Income tax block assessment dues	A.Y. 2009-10	352.64	CIT (Appeals)- Mumbai
Income Tax Act, 1961	Income Tax Regular assessment dues	A.Y. 2010-11	172.47	ITAT (Appeals)- Mumbai
Income Tax Act, 1961	Income tax block assessment dues	A.Y. 2010-11	434.13	CIT (Appeals)- Mumbai
Income Tax Act, 1961	Income tax block assessment dues	A.Y. 2010-11	88.46	Mumbai High Court
Income Tax Act, 1961	Income Tax regular Assessment dues	A.Y. 2011-12	180.75	ITAT (Appeals)- Mumbai
Income Tax Act, 1961	U/s. 144 r.w.s.147	A.Y. 2011-12	422.58	CIT (Appeals)- Mumbai
Income Tax Act, 1961	Income tax block assessment dues	A.Y. 2012-13	77.67	ITAT (Appeals)- Mumbai
Income Tax Act, 1961	Income tax block assessment dues	A.Y. 2013-14	430.51	ITAT (Appeals)- Mumbai

Name of the Statue	Nature of the dues	Year	Amount (Rs. in Lakhs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Regular Assessment dues	A.Y. 2014-15	1420.25	ITAT (Appeals)- Mumbai
Income Tax Act, 1961	Income Tax Regular Assessment dues	A.Y. 2015-16	2717.06	ITAT (Appeals)- Mumbai
Maharashtra Stamp Act	Penalty on Stamp Duty	2015-16	1568.00	High Court
<b>Total</b>			<b>9051.34</b>	

- viii. According to the records of the company examined by us and the information and explanations given to us by the Management, we are of the opinion that as on 31<sup>st</sup> March 2019, the Company has defaulted in repayment of dues to banks, financial institutions. The lender wise details are tabulated as under:

Rs. In Lakhs

Sr. no.	Particulars	Principal Default	Period of default since	Interest Default (except Penal Interest)	Period of default since
1	Loan From Union Bank of India	564.14	Mar-16	177.37	Apr-17
2	Loan from Yes Bank	1574.89	Dec -18	1594.48	Dec-18
3	Loan From IDBI Bank	2493.96	Nov-16	1276.54	Apr-17
4	Loan From IDBI Bank - FITL	843.44	Oct-16	22.89	Mar-17
5	Loan from IL&FS	-	-	2900.00	July-18
6	Loan from Reliance Commercial	9802.00	Feb.19	191.00	Feb.19
7	Loan from Religare	78.42	Sept. 17	17.07	Oct. 17
	<b>Total</b>	<b>15356.85</b>		<b>6179.35</b>	

- ix. In our opinion, and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including Debt Instruments) and term loans applied for the purpose for which they were raised, Therefore the provision of clause (ix) of para 3 is not applicable
- x. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- xi. Based on our audit procedures performed for the purpose of reporting the true and fair view of the Standalone Ind AS Financial Statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The company is not a Nidhi Company. Therefore the provision of clause (xii) of para 3 is not applicable.
- xiii. In our opinion, and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Standalone Ind AS Financial Statements etc, as required by the applicable Ind accounting standard.
- xiv. In our opinion, and according to the information and explanations given to us, the Company has not made any preferential allotment or private placements of shares or fully or partly convertible debentures under review. Therefore the provisions of clause (xiv) of para 3 is not applicable.
- xv. The company has not entered into any non-cash transactions with directors or persons connected with him. Therefore the provision of clause (xv) of para 3 is not applicable.
- xvi. In our opinion, and according to the information and explanations given to us, the Company is not required to be registered under section 45IA of The Reserve Bank of India Act, 1934. Therefore the provision of clause (xvi) of para 3 is not applicable.

**For Kailash Chand Jain & Co.**

**Chartered Accountants**

**Firm Registration No.: 112318W**

**Saurabh Chouhan**

**Partner**

**Membership No.: 167453**

**Place : Mumbai**

**Date : 28/05/2019**

**Annexure - B to the Independent Auditor's Report of even date  
on the Standalone financial statements SKIL Infrastructure Limited.**

Referred to in Paragraph 2 (f) of 'Report on Other Legal and Regulatory Requirements' section of our Report of even date.

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **SKIL Infrastructure Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Kailash Chand Jain & Co.**

**Chartered Accountants**

**Firm Registration No.: 112318W**

**Saurabh Chouhan**

**Partner**

**Membership No.: 167453**

**Place : Mumbai**

**Date : 28/05/2019**