

Independent Auditor's Report

To the Members of
GPT INFRAPROJECTS LIMITED

Report on the Standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of **GPT Infracore Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information, which include thirty-three (33) joint operations.

Management's Responsibility for the Standalone Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company including its joint operations in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 its joint operations and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, specified under Section 143(10) of the Act. Those Standards require that we

comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence obtained by us and other auditors / one of the joint auditors in terms of their reports referred to in 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

Attention is invited to the following –

- (a) Note 33(C) to the standalone financial statements regarding unbilled revenue, accrued price escalations and trade receivables aggregating ₹2,692.82 lacs (including impact of unwinding), on certain significantly completed construction contracts, which are yet to be billed / realised by the Company and that are largely outstanding for more than 3 years. Due to the uncertainties over the eventual billings / collections of the said amounts, we are unable to comment on the appropriateness of aforesaid balances being carried forward in these standalone financial statements including the extent of realisability of the above asset balances, the period over which these are expected to be realised and any other consequential impact that may arise in this regard. This matter was also qualified in our audit report pertaining to the previous year.
- (b) Note 33(D) to the standalone financial statements regarding unbilled revenue aggregating ₹1,860.25 lacs on a significantly completed construction contract that is yet to be billed by the Company. Due to the uncertainties over the eventual billings / collections of the said amounts, we are unable to comment

on the appropriateness or otherwise of the aforesaid balances being carried forward or their classification as current in these standalone financial statements including the extent of recoverability of the above asset balances and any other consequential impact that may arise in this regard.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of one of the joint auditors / other auditors on the separate financial statements and the other financial information of thirty-one (31) joint operations and on consideration of management certified financial information of two (2) joint operations, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone 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 accounting principles generally accepted in India, of the state of affairs of the Company and its joint operations as at March 31, 2018, of its profit including impact of other comprehensive income, its cash flows and the changes in equity and its cash flows for the year ended on that date.

Emphasis of Matter

- (a) Attention is drawn to note no. 33(E) of the standalone financial statements regarding the uncertainty on recoverability of Company's share of unbilled revenue, trade and other receivables aggregating ₹1,727.95 lacs in respect of two joint operations, wherein the underlying projects have been completed and as represented to us, the management of such joint operations have initiated arbitration proceedings for recovery of dues.
- (b) Attention is drawn to Note No. 33(F) of the standalone financial statements, regarding material uncertainties that may cast doubt on the ability of a subsidiary company to continue as going concern and the consequential impact, if any, on the Company's carrying value of direct / indirect investments aggregating ₹936.91 lacs in that subsidiary company.

Our opinion is not qualified in respect of these matters.

Other Matters

- (a) We did not audit the financial statements and other information of sixteen (16) joint operations included in the accompanying standalone financial statements of the Company whose financial statements and other financial information reflect Company's share of total assets of ₹3,431.73 lacs and net assets of ₹433.82 lacs as at March 31, 2018 and total revenues of ₹9,319.41 lacs and net cash inflows of ₹34.86 lacs for the year ended on that date respectively. These financial statements and

other financial information of these joint operations have been audited by other auditors, whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of such joint operations, is based solely on the report of such auditors.

- (b) The financial statements and other information of fifteen (15) joint operations included in the accompanying standalone financial statements of the Company whose financial statements and other financial information reflect Company's share of total assets of ₹3,105.46 lacs and net assets of ₹2,303.96 lacs as at March 31, 2018 and total revenues of ₹252.85 lacs and net cash outflows of ₹14.48 lacs for the year ended on that date respectively, have been audited by one of the joint auditors of the Company, SN Khetan & Associates, whose reports have been solely relied upon by the other joint auditor for the purpose of their opinion in so far as it relates to the amounts and disclosures included in respect of such joint operations.
- (c) The accompanying standalone financial statements include unaudited financial statements and other unaudited financial information in respect of two (2) joint operations, whose financial statements and other financial information reflect Company's share of total assets of ₹6.47 lacs and net assets of ₹2.99 lacs as at March 31, 2018, and total revenues and net cash flows of Rs Nil respectively for the year ended on that date respectively. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of these joint operations, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements and other financial information are not material to the Company.

Our opinion is not modified/qualified in respect of above matters.

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 sub-section (11) of Section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We / the other auditors whose reports we have relied upon, have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our

knowledge and belief were necessary for the purpose of our audit;

- (b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, 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 and the report of other auditors;
- (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive income, and Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts;
- (d) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) The matters described in the Basis for Qualified Opinion and Emphasis of Matter Paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) On the basis of written representations received from the directors of the Company as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013;
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to the Company's standalone Ind AS financial statements and the operating effectiveness of such

controls, refer to our separate Report in "Annexure 2" to this report;

- (i) 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 33 to the standalone Ind AS financial statements;
 - ii. Except for the possible effect of the matters described in the basis of Qualified Opinion paragraph, the Company has made provision, as required under any law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

per **Bhaswar Sarkar**

Partner

Membership No.: 055596

Place: Kolkata

Date: June 01, 2018

For **SN KHETAN & ASSOCIATES**

Chartered Accountants

ICAI Firm registration number: 325653E

per **Sanjay Kumar Khetan**

Partner

Membership No.: 058510

Place: Kolkata

Date: June 01, 2018

Annexure 1 to the Independent Auditor's Report of even date on the Standalone Financial Statements of GPT Infraprojects Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification of all fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deed of immovable properties included in the fixed assets are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted loans to two bodies corporate covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the interest of the Company.
- (b) The Company has granted loans to two bodies corporate covered in the register maintained under Section 189 of the Companies Act, 2013. Such loans and interest thereon are repayable / payable on demand and have been received by the Company as and when demanded.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.
- (b) According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, employees' state insurance, service tax, sales-tax, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. Undisputed dues towards income tax outstanding at the year-end for a period of more than six months is as follows:-

Name of the Statute	Nature of Dues	Amount (Rs in lacs)	Period to which the amount relates	Due date	Date of Payment
Income Tax Act, 1961	Dividend Distribution tax	44.40	April 16-March '17	13-May-2017	Not yet paid

- c) According to the records of the Company, the dues outstanding in respect of income-tax, sales-tax, service tax, custom duty, excise duty and value added tax on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Modvat Credit Disallowed for subsequent endorsement of third party invoice in favour of the Company	92.16	1991-92	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Cenvat Credit disallowed	13.83	2008-09 to 2014-2015	Commissioner of Central Excise (Appeal)
Central Excise Act, 1944	Claim of excess refund granted towards de-escalation in prices of sleeper	6.35	2008-09 to 2009-10	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Cenvat Credit disallowed	14.97	2010-11 to 2011-12	Commissioner of Central Excise (Appeal)
West Bengal Value Added Tax Act, 2003	Various disallowances of labour and supervision charges, payment to sub - contractor, disallowance of Input Tax Credit due to mismatch in purchase / sales and works contract tax from taxable contractual transfer Price etc	1,418.97	2010 - 11 to 2014-15	West Bengal Commercial Tax Appellate & Revisional Board and Appellate Forum CD-II
Uttar Pradesh Value Added Tax Act, 2008	Disallowance of Labour and Supervision charges, and Disallowance of Input Tax Credit due to mismatch in purchase / sales etc.	20.85	2013 - 14	Additional Commissioner (Grade - 2), Appeal
Central sales Tax Act, 1956	Central Sales Tax on pending C Form and on reimbursement of transportation and inspection charges	4.36	2011 - 12	West Bengal Commercial Tax Appellate & Revisional Board

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution or bank. During the year, the Company did not have any outstanding dues to Government and there were no outstanding debentures.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilised monies raised by way of term loans for purposes for which they were raised. The Company has not raised any money by way of initial public offer / further public offer / debt instruments.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements

and according to the information and explanations given by the management, we report that no material fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

- (xi) According to the information and explanations given by the management, 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) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the

management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Consequently, reporting requirements under clause 3(xiv) are not applicable to the Company and hence, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the

provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

per **Bhaswar Sarkar**

Partner

Place: Kolkata

Date: June 01, 2018

Membership No.: 055596

For **SN KHETAN & ASSOCIATES**

Chartered Accountants

ICAI Firm registration number: 325653E

per **Sanjay Kumar Khetan**

Partner

Place: Kolkata

Date: June 01, 2018

Membership No.: 058510

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of GPT Infraprojects Limited

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 GPT Infraprojects Limited ("the Company") as of March 31, 2018 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. 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 the 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 with reference to these standalone financial statements 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 as specified under Section 143(10) of the Companies Act, 2013, to the extent 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 with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal

financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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 judgement, 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 qualified audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls over Financial Reporting With Reference to these Standalone Financial Statements

A company's internal financial control over financial reporting with reference to these standalone financial statements 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 with reference to these standalone financial statements 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 With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, 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 with reference to these standalone financial statements

to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting with reference to these standalone financial statements as at March 31, 2018:

- (a) The Company's internal financial controls for evaluation of recoverability of unbilled revenue, accrued price escalations and trade receivables on significantly completed construction contracts were not operating effectively as on March 31, 2018 which could potentially result in the Company not recognising appropriate provision in the financial statements in respect of receivables that are doubtful of recovery.
- (b) The Company's internal financial controls for assessing the period over which the unbilled revenue, accrued price escalations and trade receivables on significantly completed construction contracts are expected to be recovered were not operating effectively as on March 31 2018, which could potentially result in the Company not appropriately measuring those financial assets.
- (c) The Company's internal financial controls for classification of unbilled revenue on significantly completed construction contracts as current were not operating effectively as on March 31 2018, which could potentially result in the Company not appropriately classifying the above receivables as non-current.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting with reference to these standalone financial statements as of March 31, 2018, 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, and except for the possible effects

of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as of March 31, 2018.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of GPT Infraprojects Limited, which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 standalone financial statements of GPT Infraprojects Limited and this report does not

affect our report dated June 1, 2018, which expressed a qualified opinion on those financial statements.

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

per **Bhaswar Sarkar**

Partner

Membership No.: 055596

Place: Kolkata

Date: June 01, 2018

For **SN KHETAN & ASSOCIATES**

Chartered Accountants

ICAI Firm registration number: 325653E

per **Sanjay Kumar Khetan**

Partner

Membership No.: 058510

Place: Kolkata

Date: June 01, 2018