

# INDEPENDENT AUDITORS' REPORT

## To the Members of PNC INFRA TECH LIMITED

### Report on the Audit of standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of PNC INFRA TECH LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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 (herein after referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under 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 standalone financial position of the Company as at 31st March, 2019 and its standalone financial performance including other comprehensive income, its cash flows and the changes in equity 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 Standards 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 (ICAI) 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 made 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.

#### Key Audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statement of the current period. These matters were addressed in the context of our audit of the standalone financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Valuation of investment, unsecured loans and trade receivable with the associate company.

S.No	Description of Key audit Matter	Description of Auditor's Response
1	Toll collection of the associate company is lower than the projections and there is a stress of repayment of principal to the lenders of the company. Amount involve in the form of investment, unsecured loan and trade receivable to be impaired. However, the company has entered into Share Purchase Agreement on 4th May 2019 with Cube Highways and Infrastructure Pte Ltd.	<p>We have performed the following procedures for verifying the stake of company in the form of valuation of investment, unsecured loans and trade receivables.</p> <p>The Company has entered into a Share Purchase Agreement (SPA) dated 4th May 2019 with a Purchaser inter alia, with Cube Highways and Infrastructure Pte Ltd. for sale of its entire stake i.e. 29324000 Equity shares, representing (15.12%) of the total shareholding in Ghaziabad Aligarh Expressway Highways Private Limited (GAEPL), "associate" of the company, we have obtained the agreement</p> <p>The company may recover amount of stake in forms of equity, unsecured loans and trade receivables and may not require impairment.</p>

### Information Other than the standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report including annexures to Director's 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the separate standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Based on the records, information and explanation provided, we have nothing to report in this regard.

### Management's Responsibility for the standalone 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 Ind AS standalone 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 in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

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 accounting policies; making judgement 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 Ind AS standalone financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

#### Auditor's Responsibilities for the Audit of the standalone 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 auditor's 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.

A further description of our responsibilities for the audit of the standalone financial statements is included in "Annexure – A" of this auditor's report.

### 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 of the Act, we give in the Annexure-"B" 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 have sought and obtained all the information and

explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, Statement of Change in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid Ind AS standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued there under;
- e. On the basis of written representations received from the directors as on 31 March 2019, and 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.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure – C".
- 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 read with schedule V 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, 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 litigation on its financial position in its standalone financial statements- Refer Note no. 37 to the standalone financial statements;
  - ii) There are no any material foreseeable losses, on long term contracts including derivative contract required under the applicable law or Indian accounting standards;
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.S. Kothari Mehta & Co.**  
(Chartered Accountants)  
Firm Registration no. 000756N

(**Neeraj Bansal**)  
Partner

Place: Agra  
Date: May 24, 2019

Membership No. : 095960

## ANNEXURE 'A' TO THE AUDIT REPORT TO THE PNC INFRATECH LIMITED

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 companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the standalone financial statements may be influenced. We consider quantitative and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## ANNEXURE – “B” TO THE INDEPENDENT AUDITOR’S REPORT TO THE PNC INFRATECH LIMITED

Referred to in paragraph 1 of report on other legal and regulatory requirement’s paragraph of our report on the standalone financial statement of even date,

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets are physically verified by the management in a phased manner 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. According to information and explanation given to us, the discrepancies noticed on current phase of physical verification were not material
- (c) Based on the available records as certified by the management, the title deed of immovable property is held in the name of the company.
- (ii) (a) The inventories of the Company have been physically verified by the management during the year.
- (b) In our opinion and according to the information & explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size and nature of the business of the Company.
- (c) In our opinion and according to the information & explanations given to us, the Company is maintaining proper records of inventory. During the year, the physical verification was conducted at various sites and no material discrepancies have been noticed. The process of recording of physical verification needs to be further strengthened considering the expansion and nature & cycle of various projects.
- (iii) (a) As informed to us, the Company has granted unsecured loans to its 10 subsidiaries & Interest free unsecured loan to an associate and, covered in the register maintained under section 189 of the Companies Act, 2013, the balance outstanding ₹ 36548.29 Lakhs (including interest)
- (b) The tenure of agreement period of repayment are six months from the date of disbursement or receipt of grant/ annuity, the receipt of principle amount as explained it will be recovered once the payment received by borrower from respective authority and in respect of interest free loan, it will be converted into share warrant/optionally convertible debenture.
- (c) There is overdue interest of ₹ 1673.20 Lakhs. As explained the company is pursuing for its recovery.
- (iv) The loans, investments, guarantees and pledge of securities given to/for subsidiaries/associates are in compliance of section 185 and 186 of the Companies Act, 2013 as these are covered under exceptions as provided in section 185 and 186 of the Act, and are within the prescribed limits.
- (v) The Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- (vi) We have broadly reviewed the books of account relating to materials, Labour and other items of cost maintained by the Company as specified by the Central Government of India under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not made a detailed examination of the records with a view to determine whether they are accurate and complete.
- (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 and is in process of aligning with changing regulations, in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees’ State Insurance, Income-Tax, Sales Tax/VAT/Work Contract Tax, Service Tax, Customs Duty, Excise Duty, Cess, Goods & Service Tax and other material statutory dues, as applicable, with the appropriate authorities .
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income-Tax, Sales-Tax, Service Tax, Customs Duty, Excise Duty, Value added tax, Goods & Service Tax and Cess as at March 31, 2019 which have not been deposited on account of disputes, are as follows: -

Name of the Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Demand Amount (₹ in Lakhs)	Amount Deposited (₹ in Lakhs)
UP Entry Tax Act, 2007	UP Entry Tax	2015-16	Commercial Tax Tribunal, Agra	496.67	-
		2013-14	Commercial Tax Tribunal, Agra	45.39	-
		2014-15	Commercial Tax Tribunal, Agra	50.73	-
UP VAT Act, 2007	VAT	2006-07	TDS certificate to be get verified	38.1	-
		2010-11	Commercial Tax Tribunal, Agra	78.47	-
		2013-14	Additional Commissioner, Grade II, Agra	3276.77	-
		2014-15	Additional Commissioner, Grade II, Agra	4767.71	-
		2015-16	Additional Commissioner, Grade II, Agra	1276.93	-

Name of the Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Demand Amount (₹ in Lakhs)	Amount Deposited (₹ in Lakhs)
Uttarakhand VAT Act, 2005	VAT	2005-12	Joint Commissioner, Haldwani	211.04	-
		2013-14	Joint Commissioner, Haldwani	87.74	-
		2014-15	Joint Commissioner, Haldwani	76.35	-
Haryana VAT Act, 2003	VAT	2010-12	Taxation Tribunal, Chandigarh	34.75	-
		2010-12	Dy. Excise and Taxation Officer, Karnal	22.2	-
Central Excise & Service Tax Act, 1994	Service Tax	2003-19	CESTAT Dohara	185.63	-
Central Excise & Service Tax Act, 1994	Service Tax	2005-19	CESTAT Kanpur	386.93	-
Income Tax Act'1961	Income Tax	20010-11	Allahabad High Court	645.81	-
Labour Welfare Act'1953	Labour Cess	2010	Hon'ble MP High Court	268.25	-

- (viii) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in repayment of its dues to Banks/Financial Institution.
- (ix) As per the information and explanation given to us and on the basis of our examination of the records, during the year, the company has not raised any money by way of Initial Public Offer or Further Public Offer. The term loan amounts have been applied for which they have been obtained. (Refer note no.19 to the standalone financial statements)
- (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, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.
- (xi) As per the information and explanation given to us and on the basis of our examination of the records, the managerial remuneration has been paid or 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 Nidhi Company therefore this clause is not applicable to the company.
- (xiii) As per the information and explanation given to us and on the basis of our examination of the records, the company has transacted with the related parties which are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the standalone financial statements refer note no. 42 to the standalone financial statements.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) As per the information and explanations given to us and on the basis of our examination of the records, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, this clause is not applicable to the company.

For **S.S. Kothari Mehta & Co.**  
(Chartered Accountants)  
Firm Registration no. 000756N

**(Neeraj Bansal)**

Partner

Membership No. : 095960

Place: Agra  
Date: May 24, 2019

# ANNEXURE - C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PNC INFRATECH 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 PNC INFRATECH 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". 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 have 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 standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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 based on records, the Company has in all respect, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were generally operating effectively as at March 31, 2019, based on "the internal control over financial reporting system & procedures", 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 **S.S. Kothari Mehta & Co.**  
(Chartered Accountants)  
Firm Registration no. 000756N

**(Neeraj Bansal)**

Place: Agra  
Date: May 24, 2019

Partner  
Membership No. : 095960