

**INDEPENDENT AUDITOR'S REPORT**

To,

The Resolution Professional

**Satra Properties (India) Limited** (A Company under corporate insolvency resolution process)

Report on the audit of the financial statements

**Disclaimer of Opinion**

We were engaged to audit the accompanying financial statements of **Satra Properties (India) Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. However all the transactions during the CIRP process are properly supported.

**Basis for Disclaimer of Opinion**

- Except few bank statements and tally data, the management could not provide us with any other records to conduct audit for the year. In absence of these records, we cannot ascertain whether financial statements are prepared in compliance with the applicable Ind AS and whether they present true and fair view of the financial position and performance of the company.*
- The management has not provided us with the detailed working of construction work in progress, Cost to Completion and consequent profitability and/or losses on projects. In absence of these details, it is not possible for us to ascertain, whether the Construction WIP of Rs. 20,387.78 lakh and have been valued and stated correctly or not. The consequential impact, if any, on the financial statements is therefore not ascertainable.*
- Balance confirmations for Borrowings, Trade Receivables, Loans and Advances, deposits and trade payables are not received from respective parties, including the debtors of Rs. 1393.10 lakhs (net of ECL provisions) which are outstanding for a period exceeding three years. These balances are subject to confirmations and consequent adjustments, if required. In absence of balance confirmations, financial impact on financial statements is not ascertainable*



4. *In accordance with the Insolvency and Bankruptcy Code (Code), the Resolution Professional ("RP") has to receive, collate and admit the claims submitted by the creditors as a part of Corporate Insolvency Process ("CIRP"). Such claims can be submitted to the RP till the approval of the resolution plan by the CoC. The amount of claim admitted by the RP may be different than the amount reflecting in the financial results of the Company as on 31st March 2021. Pending final outcome of the CIRP, no adjustments have been made in these financial results for the differential amount, if any. Hence, consequential impact, if any, is currently not ascertainable and we are unable to comment on possible financial impacts of the same.*
5. *There are many statutory dues amounting to Rs.1178.46 lakhs, which are pending to be deposited with appropriate government authorities. The company has not made provision for interest on these dues on account of delay in depositing them. The management is of the opinion that since the matter is under CIRP, there will not be any possibility of payment of such interest. Since the management has not estimated overall liability on account of interest, financial impact on statement of financial results is not ascertainable. Further in the absence of the documents we are not in a position to verify the liability of statutory liability on account of non-deduction of tax at source, non-filing of statutory returns and Interest and other penal liabilities.*
6. *We draw your attention to the fact that updating of personnel records was carried out based on the availability of the documents, data, etc. In addition, employee dues including retirement/ termination benefits were calculated based on the available data. The company has not obtained valuation report from an actuary as required by Ind AS 19 "Employee Benefits" and consequently not provided for any gratuity and leave encashment liability as on 31<sup>st</sup> March 2021. In the absence of any documentary evidence and limited information provided to us, we are unable to obtain sufficient appropriate audit evidence and are unable to ascertain the impact of the same.*
7. *The Company has not assessed impairment of carrying value of tangible assets in accordance with requirements of Indian Accounting Standard 36 on "Impairment of Assets". We are unable to obtain sufficient appropriate audit evidence about the recoverable amount of the Company's tangible assets. Consequently, we are unable to determine whether any adjustments to carrying value are necessary and consequential impacts on the statement.*
8. *As depicted in Note 23, Note 24 and 27 of the Ind AS financial statements, the company has incurred Cost of Construction, Employee Benefit Expense and Other expenses amounting to INR 0.31, INR 5.77 lakhs and INR 131.46 lakhs respectively for which complete documentary evidence including invoice or information was not provided to us for verification to satisfy ourselves about the validity, accuracy and other assertions. In the absence sufficient documentary evidence and limited information provided to us, we are unable to obtain sufficient appropriate audit evidence and are unable to corroborate the management's assertion for occurrence, completeness and measurement of all the expenses carried in these Ind AS financial statements.*
9. *During the year, the company has reversed allowance of Rs.185.30 lakhs for doubtful advances. In the absence of any documentary evidence and limited information provided to us, we are unable to obtain sufficient appropriate audit evidence and are unable to ascertain the impact of the same.*



*Following are the matters in the Notes to the Ind AS financial statements which are not fully complied with IND AS/Schedule III:*

- a. Note 11 regarding Income tax, disclosures with respect to unrecognized deductible temporary differences and reconciliation of tax expense with accounting profit multiplied by effective income tax rate as required by Ind AS 12 on 'Income taxes' has not been fully disclosed for the reporting period.*
- b. Note 14 regarding borrowings, disclosures as required by Schedule III related to the period and amount of default of all the borrowings have not been ascertained for the reporting period.*
- c. Note 28 regarding employee benefit obligations, disclosures with respect to benefits to employees as required by Ind AS 19 have not been disclosed in the standalone Ind AS financial statements in view of non-availability of information with the Company.*
- d. To the extent of information available to us regarding related party list, transactions and disclosures have been identified and disclosed by the management/Resolution Professional for the reporting period in Note 30 on 'Related Party Disclosures' as required by Ind AS 24.*
- e. The company has not collected information from the vendors about their status under Micro, Small and Medium Enterprises Development Act 2006 as required in Note 36 of Financial statements.*

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

The Company's Board of Directors and the Resolution Professional (for the period commencing from 03.08.20) is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 and, in doing so, consider whether the other information is materially inconsistent with the 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.



**Management's / Resolution Professional's Responsibility for the Financial Statements**

The Statement, which is the responsibility of the Company's Management and taken on record by the Resolution Professional, has been prepared on the basis of the financial statements. The Resolution Professional is responsible for the preparation of these financial statements (for the period commencing from 03.08.20) that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company 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 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 results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial results, the Resolution Professional are 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 Company's Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Under Section 20 of the Code the Resolution Professional should endeavour to manage the operations of the Company as a going concern upon initiation of CIRP and the financial results which have been prepared on going concern basis have been considered by the Resolution Professional accordingly.

The Management/RP is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our responsibility is to conduct an audit of the entity's financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Ind AS financial statements.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements.



**Report on Other Legal and Regulatory Requirements**

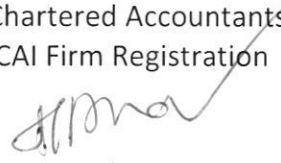
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought but not provided information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. The standalone Balance Sheet, standalone Statement of Profit and Loss (including other comprehensive income), the standalone Cash Flow Statement and standalone statement of changes in Equity dealt with by this Report are in agreement with the books of account, subject to the possible facts of the matter described in the Basis for Disclaimer of Opinion paragraph.
  - c. Subject to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, the aforesaid financial statements comply with the Indian Accounting Standards under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - d. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether they have an adverse effect on the functioning of the Company;
  - e. Since the Board of the Company is suspended as per the provisions of the Code, no declaration under section 164(2) of the Act has been received from directors;
  - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure B".
  - g. With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditor's ) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us;
  - h. As detailed in Note No. 29 to the Financial Statements, the Company has disclosed the impact of pending litigations on its financial position;



- i. Subject to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- j. Amount of Rs.3.08 lakhs are due and outstanding which are to be credited to the Investor Education and Protection Fund for the year ended 31st March, 2021.
- k. In respect of identified non-compliance with provisions of the Companies Act, 2013:
  - a) The Company has not appointed Internal Auditors as required by Section 138 of the Companies Act 2013.

Accordingly, we are unable to comment on the possible impact, if any, of non-compliance with the provisions of the Act.

For GMJ & Co.  
Chartered Accountants  
ICAI Firm Registration Number: 103429W

  
Haridas Bhat  
Partner  
Membership No.: 039070



UDIN: 22039070AEEJT<sub>x</sub>3959

Date: March 05, 2022  
Place: Mumbai



**Annexure "A" to the Independent Auditor's Report**

The Annexure referred under "Report on Other Legal and Regulatory requirements" in the Independent Auditor's Report of even date to the Resolution Professional of **Satra Properties (India) Limited** ('The Company') on the financial statements for the year ended March 31, 2021.

We report that:

- i. In respect of its fixed assets:
  - a. The Company has maintained records showing full particulars including quantitative details and situation of fixed assets.
  - b. As informed to us, no physical verification of assets was conducted during the year. In absence of the physical verification, we cannot comment on existence of material discrepancy between physical verification and book records.
  - c. According to the information and explanations given to us, the company does not have any immovable property. Hence this paragraph is not applicable to the company.
- ii. In respect of inventories, according to the information and explanation given to us, the physical verification of inventory has not been conducted during the year by the management. In absence of the physical verification, we cannot comment on existence of material discrepancy between physical verification and book records.
- iii. In respect of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered under register maintained under section 189 of the Companies Act;
  - a. In our opinion, the terms and conditions on which the loans have been granted are not prejudicial to the interest of the company when granted, however due to CIRP process the same are now prejudicial to the interests of company;
  - b. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. However the same will now be payable as per the CIRP process. Accordingly, this paragraph is not applicable to the Company in respect of repayment of the principal and interest amount.
  - c. There are no overdue amounts in respect of loans granted to the parties covered under register maintained under section 189 of the Companies Act.



- iv. According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans and making investments and providing guarantees and securities, as applicable, except for the possible effects of the matter described in the Basis for Disclaimer of Opinion section on which we are unable to comment.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and provisions of section 73 to 76 of the Act and other relevant provisions with regard to deposits accepted from Public are not applicable.
- vi. We are informed that the books of accounts are maintained by the Company pursuant to the rules prescribed by the Central Government under Section 148(1) of the Companies Act, 2013. We have, however, not made an examination of the cost records with a view to determine whether they are accurate or complete.
- vii. In respect of statutory dues:
  - a. According to information and explanations given to us and on the basis of our examination, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, duty of Customs, Duty of Excise, Value Added Tax, Goods & Service Tax, Cess and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been significant delays in payment of statutory dues.

According to the information and explanations given to us, undisputed amounts payable in respect thereof, which were outstanding as at March 31, 2021 for a period of more than six months from the date of becoming payable are as follows:

Name of the Statute	Nature	Amount(in INR)	Period which pertains to it	Due Date
Goods and Service Tax Act, 2017	GST	2,29,32,925	2017-18 to 2020-21	
Income Tax Act 1961	Dividend distribution tax	3,93,36,286	2011-12 to 2020-21	
Rajasthan VAT Act 2003	VAT	5,67,015	2016-17 to 2020-21	





Maharashtra VAT Act 2003	VAT	2,89,68,514	2019-20 to 2020-21	
The Finance Act, 1994	Service Tax	32,10,078	2016-17 to 2020-21	
The Employees' Provident Fund Scheme, 1952	Provident Fund	4,35,967	2018-19 to 2020-21	
The Employees' State Insurance Act, 1948	ESIC	87,860	2016-17 to 2020-21	
Profession Tax Act, 1975	Profession Tax	25,475	2019-20 to 2020-21	
Income Tax Act 1961	TDS and Income Tax	1,38,34,268	Income Tax 14-15 to 2020-21 TDS: 2019-20 to 2020-21	
The Finance Act, 1994	work contract tax	1,30,004	2017-18 to 2020-21	

- b. According to the information and explanations given to us, dues that have not been deposited by the Company on account of disputes are as follows:

Name of Statute	Nature of due	Amount (Rs.)	Period	Forum where the dispute is pending
Income tax Act 1961	Income tax	60,38,750	A.Y 2011-12	Income Tax Appellate Tribunal
Income tax Act 1961	TDS	97,15,899	A.Y 2017-10 to A.Y. 2014-15	Assessing Officer / As per Traces



- viii. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of following dues to the financial institutions and banks during the year:.

Name of Lender	Amount of Default	Period of Default
Punjab National Bank-O/D No-5223009300000046	*	*
Punjab National Bank-O/D No-5223009300000046	*	*
HDFC Bank Ac CE Loan No. 81617922	*	*
HDFC Bank Ac CE Loan No. 81635907	*	*
Jumbo Finvest (India) LTD	*	*
Mayank Shah 12% secured Redeemable NCD	*	*

\* The period and Amount of default has not been ascertained by the management.

- ix. In our opinion and according to the information and explanation given to us, during the year, the company has not raised money by way of initial public offer or further public offer (including debt instrument) or Term Loan.
- x. During the course of our limited examination of the books and records of the company as explained in this report, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we are neither come across any instance of fraud by the company or any fraud on the company by its officers or employees, noticed or reported during the year nor have we been informed of any such instance by the Resolution Professional.
- xi. According to the information and explanation given to us and on the basis of an overall examination of books of accounts of the Company, no managerial remuneration has been paid or provided during the year.
- xii. According to the information and explanation given to us, the company is not a Nidhi Company. Therefore, provisions of clause 3(xii) of the order are not applicable to the company.



- xiii. In the absence of any documentary evidence and limited information, we are unable to comment on compliance with section 177 and Section 188 of the Companies Act, 2013 with respect to transactions with related parties. However, details of related party transactions, as certified by the management have been disclosed in Note 30 to the standalone Ind AS financial statements.
- xiv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment of equity shares nor any private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of clause 3 (xiv) of the Order are applicable to the company and are accordingly complied with.
- xv. According to the information and explanation given to us, the company has not entered into any non-cash transactions with directors or persons connected with them and hence provisions of section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable.

For GMJ & Co.

Chartered Accountants

Firm Registration Number: 103429W



Haridas Bhat  
Partner



Membership No.: 039070

UDIN: 22039070AEEJTX3959

Place: Mumbai

Date: March 05, 2022

**Annexure “B” to the Independent Auditor’s Report**

[The Annexure referred to under ‘Report on Other Legal and Regulatory Requirements’ in the Independent Auditor’s Report of even date to the Resolution Professional of **Satra Properties (India) Limited** on the financial statements for the year ended March 31, 2021]

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

1. We were engaged to audit the internal financial controls with reference to financial statements of **Satra Properties (India) Limited** (“the Company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

2. **Management's / Resolution Professional’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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.

3. **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on 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 specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Because of the matter described in the Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system with reference to the financial statements of the Company.



#### 4. **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control with reference to 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 with reference to 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 expenditure 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 financial statements.

#### 5. **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.

#### 6. **Basis for Disclaimer of Opinion**

The company has not documented Risk assessment and control matrix which enlists processes, sub-processes, risk faced by them and controls implemented to mitigate such risks. The company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the guidance note issued by the Institute of Chartered Accountants of India. We were unable to obtain sufficient appropriate audit evidence on which to base our opinion on the effectiveness of company's internal financial controls with reference to financial statements.

#### 7. **Disclaimer of Opinion**

As described in the Basis for Disclaimer paragraph above, because of the significance of the matters, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Company had adequate internal financial controls with reference to financial statements and whether such internal financial controls were operating effectively for the year ended March 31, 2021 based on the internal control with reference to financial statements 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 ICAI.



8. We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2021, and the disclaimer has affected our opinion on the financial statements of the Company and we have issued a disclaimer of opinion on the financial statements for the year ended on that date.

**For GMJ & Co.**

Chartered Accountants

ICAI Firm Registration Number: 103429W



Haridas Bhat

Partner

Membership No.: 039070



UDIN: 22039070AEEJTX 3959

Place: Mumbai

Date: March 05, 2022