

Independent Auditor's Report

To the Members of CCCL Infrastructure Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of CCCL Infrastructure Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, 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 financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the aforesaid 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 state of affairs of the Company as at March 31, 2021, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

a) As stated in Note No: 35, subsequent to the financial year, the Hon'ble National Company Law Tribunal, Chennai Bench ("NCLT") admitted an insolvency and bankruptcy petition filed by a financial creditor against Consolidated Construction Consortium Limited ("the Holding Company") and appointed Mr. Krishnasamy Vasudevan to act as Interim Resolution Professional (IRP) with direction to initiate appropriate action contemplated with extent provisions of the Insolvency and Bankruptcy Code, 2016 and other related rules. As stated in Note No: 36, the accompanying financial statements have been prepared on 'going concern' basis notwithstanding the fact that the Company is having continuous losses; current liabilities are in excess of current assets; default in repayment of loans as a result during the year and the borrowings availed from Bank have turned into Non-Performing Asset (NPA). Further, the Property Plant and Equipment held by the Company is provided as security for the loans availed by the Holding Company which is currently under Corporate Insolvency Resolution Process ("CIRP"). These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern which in turn depends on negotiations with the bankers, generation of incremental operational cash flows which again depends on the Management's ability to retain the hypothecated Property Plant and Equipment which are not wholly within the control of the Company. The ultimate outcome of these matters is at present not ascertainable as the Holding Company is currently under CIRP.

b) As stated in the Note No. 37(a)&(b) of the Financial Statements, the Company has not made full assessment of impairment of tangible assets as required under Ind AS 36 on Impairment of Assets

and has not carried out any impairment assessment of investments held in subsidiary and loans and advances given to the subsidiary. Therefore, we are unable to comment on consequential impairment, if any, that is required to be made in carrying value of property, plant and equipment, investments and loans and advances.

c) We have not been able to obtain confirmation of Company's borrowings from bank amounting to Rs. 60,10,28,533 as at March 31, 2021. In the absence of sufficient appropriate audit evidence, we are unable to determine the possible impact thereof on the loss for the year ended March 31, 2021 and on the carrying value of short-term borrowings and equity as on that date.

We conducted our audit of the financial statements in accordance with the Standards on Auditing 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 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 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements.

Responsibility of Management for 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. 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 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial controls 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 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 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 financial statements, including the disclosures, and whether the 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 sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in Paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and *except for the matters described in the Basis for Qualified Opinion paragraph above*, have 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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Change in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account;
 - (d) *Except for the matters described in basis for qualified opinion paragraph above*, in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
 - (e) *The matters described in the basis for qualified opinion section may have an adverse effect on the functioning of the Company;*
 - (f) *The Holding Company, Consolidated Construction Consortium Limited has committed default in repayment of Non-convertible Debentures and Optionally convertible debentures and interest thereon as on the due-date and default continued for a period of more than one year. We are of the opinion that the Directors of the Company as of March 31, 2021 who are also the directors of the holding company are disqualified from being appointed as Directors under 164(2) of the Companies Act, 2013. Further, on account of disqualification under 164(2) of the Act, in terms of Section 167(1)(a) of the Companies Act, 2013, the office of the directors shall become vacant and that the office shall become vacant in all the companies, other than the company which is in default. Consequently, in our opinion, directors shall vacate the office in all other companies including this company, apart from the Holding Company. As stated in Note 37(d), in view of the CIRP proceedings in the Holding Company, the process for induction of new directors for replacement, with the prior consent of the Committee Of Creditors, as required by the provisions of IBC, is in progress and that the existing directors would ensure all compliances until such replacement.*
 - (g) *The qualifications 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 and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting;
 - (i) 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:

According to the information and explanations given to us and based on the examination of the records of the Company, no managerial remuneration is paid / provided by the Company.

(j) 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 does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any material foreseeable losses on any long-term contracts including derivative contracts; and
- iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For Sundar Srini & Sridhar
Chartered Accountants

Firm Registration Number: 004201S



S Sridhar
Partner

Membership Number: 025504

UDIN: 21025504AAAAGM8747

Place: Chennai

Date: August 11, 2021

Annexure - A to the Independent Auditor's Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2021, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment.
- (b) The Property Plant and Equipment of the Company have been physically verified by the management at periodic intervals, which in our opinion is reasonable. We are informed that no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and based on the examination of the records of the Company, title deeds of immovable properties, classified as Property Plant and Equipment are held in the name of the Company.
- (ii) The Company does not hold inventories. Therefore paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of records, the Company has granted unsecured interest free loans, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion, the terms and conditions under which the loans were granted to wholly owned subsidiary and fellow subsidiary were not prejudicial to the interest of the Company. In the absence of specific schedule for repayment, we could not comment on the regularity of repayment of loan.
- (iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Act. The Company, being engaged in the business of providing infrastructural facilities, Section 186 of the Act is not applicable in respect of investments made, loans given / guarantees provided to other body corporate to by virtue of exemption provided under sub-section (11) of the said section of the Act.
- (v) According to the information and explanation given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits as at March 31, 2021 to which the provisions of sections 73 to 76 of the Act or any other relevant provisions of the Companies Act 2013 are applicable. Hence paragraph 3(v) of the order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the activities carried out by the Company. Hence reporting under paragraph 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is not regular in depositing the undisputed statutory dues in respect of Income-Tax, Goods and Services Tax and any other material statutory dues applicable to it with the appropriate authorities. There are no undisputed amounts payable in respect of Income-Tax, Goods and Services Tax or any other statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable except for the following:

Name of the Statute	Natures of Dues	Amount in Rs.
Income Tax Act, 1961	Tax Deducted at Source	1,69,073

- (b) According to the information and explanations given to us, there are no dues of Income-Tax, Goods and Services Tax or any other statutory dues which have not been deposited with the appropriate authorities on account of any disputes.
- (viii) According to the information and explanations given to us, the company has defaulted in repayment of working capital loans taken from bank as on the balance sheet date. The Amount overdrawn amounts to Rs. 6,46,28,533 as on the date of balance sheet.
- (ix) The Company did not raise any moneys by way of initial public offer or further public offer (including debt instruments) or term loans from Banks or Financial Institutions during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on the examination of the records of the Company, no managerial remuneration is paid / provided by the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Thus, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on the examination of the records of the Company, we report that transactions with the related parties are in compliance with section 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required by applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and thus paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the Paragraph 3(xv) of the Order is not applicable.



(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the Paragraph 3(xvi) of the Order is not applicable.

For Sundar Srini & Sridhar
Chartered Accountants

Firm Registration Number: 0042015



S Sridhar
Partner

Membership Number: 025504

UDIN: 21025504AAAA GM 8747

Place: Chennai

Date: August 11, 2021

Annexure - B to the Independent Auditor's Report

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 **CCCL Infrastructure Limited** ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are 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 respective 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") issued by ICAI and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 qualified 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 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.

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.

Qualified Opinion

In our opinion, according to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2021:

- (a) The Company's internal financial controls over assessment of impairment in carrying value of tangible assets (including capital work-in-progress), and equity investments and loans and advances to subsidiaries were not effective. This could potentially result in the misstatement of its tangible assets, equity investments and loans and advances to subsidiaries

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, except for the possible effects of material weaknesses described above on the achievement of the objectives of the control criteria, 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, 2021, 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.



We have considered the material weaknesses identified and 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 these material weaknesses have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

For Sundar Srini & Sridhar
Chartered Accountants

Firm Registration Number: 004201S


S Sridhar

Partner

Membership number: 025504

UDIN: 2102SS04AAAAGH8747



Place: Chennai

Date: August 11, 2021