QUALITY CONSTRUCTIONS

ISO 9001 : 2000
ISO 14001:2004
ISO 18001:2007

PBA INFRASTRUCTURE LTD.

ANNEXURE I

Statement on Impact of Audit Qualification (for audit report with modified opinion) submitted along-with Annual Audited Financial Results – (Standalone and Consolidated separately)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016 (See Regulation 33/52 of the SEBI(LODR) (Amendement) Regulation, 2016)

I.	Sl. NO.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
	1.	Turnover/ Total income	11527.78	11527.78
	2.	Total Expenditure	14046.95	14046.95
	3.	Net Profit/ (Loss)	-2494.02	-2494.02
	4.	Earnings Per Share	-184.73	-184.73
	5.	Total Assets	56885.36	56885.36
	6.	Total Liabilities	56885.36	56885.36
	7.	Net Worth	7321.78	7321.78
	8.	Any other financial item(s) (as felt appropriate by the management)	**Nil**	**Nil**
II.	**Audit Qualification (each audit qualifications separately):**			
	a.	**Details of Audit Qualification :** No provision has been made against performance bank guarantees invoked total amounting to Rs. 26.85 Crores against the company and disputed it.		
	b.	**Type of Audit Qualification:** Qualified Opinion		
	c.	**Frequency of qualification:** 1. Qualification No. 1 : First time in Financial Year 2015-16		
	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:** The Company was awarded 47570.46 lakhs Contract by M/s GVK Deoli Kota Express P.Ltd, M/s.Valecha Engineering Ltd & Economic Reconstruction Agency Jammu & Kashmir and the same was completed to the extent of 98% within the time allotted . The pending work was due to non availability of site and other clearances by the Principal who was to provide the Company with all the approvals. However, the		

Principal choose to encash the Bank Guarantee despite the Company's contention to the contrary.

The Company has invoked arbitration clause of the Contract and the proceeding is in progress.
This is a general practice in the Infrastructure Segment in which the Company is operating. In past in several cases the Company has obtained and successfully received substantial sum by way of claims against such unjust encashment by the Principals and the Company does not expect any claim on account of the encashment

Further as per the definition of Provisions in Accounting standards 29, which we quote :

Provisions

14. A provision should be recognised when:
(a) an enterprise has a present obligation as a result of a past event;
(b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
(c) a reliable estimate can be made of the amount of the obligation.
If these conditions are not met, no provision should be recognised.

In the case of Company a reliable estimate for the amount of obligation cannot be made for the past event as the matter is subject to outcome of an arbitration award.
Bank guarantees invoked by department is disputed by the company. Since these matter are *Sub Judice* and subject to the outcome of the proceedings of various courts of the Country, We have thought it prudent not to provide for any such BG encashment and as we are hopeful of recovering the BG encashed and hence no provision is deemed necessary.

	e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**
	(i) Management's estimation on the impact of audit qualification. NA
	(ii) If management is unable to estimate the impact, reasons for the same: NA
	(iii) Auditor's Comments on (i) or (ii) above: NA

III	**Signatories:**	
	• **CEO/Managing Director**	PBA Infrastructure Ltd. Chairman & M.D.
	• **CFO**	PBA Infrastructure Ltd.
	• **Audit Committee Chairman**	Director
	• **Statutory Auditor**	For B. GARG & Co. Chartered Accountants M. No. 32638
	Place: Mumbai	
	Date: 26/09/2018	