



Piyush J. Shah & Co.
Chartered Accountants

Piyush J. Shah

B.Com, FCA, D.I.S.A. (ICA)

COMPONENT AUDITOR CLEARANCE MEMORANDUM

COMPONENT AUDITOR CLEARANCE MEMORANDUM — AUDIT OF THE COMPONENT'S FINANCIAL INFORMATION FOR GROUP AUDIT PURPOSES

The following example is appropriate when the component auditor performs an audit of a component's financial information.

From: Piyush J Shah & Co., Ahmedabad, India

Date: 24th May, 2023

To: M B D & CO LLP (FRN: 135129W/W100152)

In accordance with your instructions dated 11th January, 2023, we have audited for purposes of your audit of the consolidated financial statements of **Nila Infrastructures Limited** the [financial information included in the [describe reporting package] (the "financial information") of (**Nila Terminals (Amreli) Private Limited**) for the quarter[s] ended 31st March, 2023. This financial information has been prepared solely to enable the Group to prepare its consolidated financial statements.

Management's Responsibility

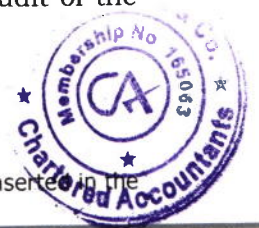
Management is responsible for the preparation and presentation of the financial information on the basis of Nila Infrastructures Limited Group's accounting policies, and for such internal control as management determines is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility¹

Our responsibility is to express an opinion on the financial information using Standards on auditing and in accordance with your instructions. As requested by you, we planned and performed our audit using the component materiality and component performance materiality specified in your instructions which may be different than the materiality and performance materiality that we would have used had we been designing the audit to express an opinion on the financial information of the component alone.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. The conclusions reached in forming our opinion are based on the component materiality and component performance materiality [insert either [specified by you] or [as agreed to by you]], in the context of the audit of the consolidated financial statements of the Group.

¹ Refer to Note 5 if the group auditor requests that additional Auditor Responsibility language be inserted in the report.



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We have complied with [insert description of ethical requirements that are relevant to the group audit, including independence and professional competence] as it relates to our independence and professional competence. We have complied with [insert description of ethical requirements that are relevant to the group audit, including independence and professional competence] as it relates to our independence and professional competence.

Opinion

In our opinion, the financial information for Nila Terminals (Amreli) Private Limited as of 31st March, 2023 and for the year then ended has been prepared, in all material respects, on the basis of Nila Infrastructures Limited Group's accounting policies.

Restriction on Use and Distribution

This financial information has been prepared for purposes of providing information to the Group to enable it to prepare its consolidated financial statements. As a result, the financial information is not a complete set of financial statements of Nila Terminals (Amreli) Private Limited in accordance with Indian Accounting Standards and is not intended to give a true and fair view of the financial position of Nila Terminals (Amreli) Private Limited as of 31st March, 2023 and of its financial performance, and its cash flows for the year then ended in accordance with Indian Accounting Standards. The financial information may, therefore, not be suitable for another purpose.

This report is intended solely for M B D & CO LLP and should not be used by, or distributed to, anyone in the Group, any of its components, or any other third party.

For, Piyush J Shah & Co.
Firm Registration No.: 121172W


Arvind S Vijayvargiya
Partner

Place: Ahmedabad
Date: 24/05/2023





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**CLAUSE WISE QUALIFICATIONS / ADVERSE REMARKS (IF ANY) IN COMPANIES
(AUDITORS' REPORT) ORDER, 2020.**

To: Nila Terminals (Amreli) Private Limited

We confirm that there are no qualifications / adverse remarks in Companies (Auditors' Report) Order, 2020 (CARO) in respect of {Nila Terminals (Amreli) Private Limited, having CIN U45309GJ2017PTC096801} except:

Sr. No	Clause No	Description of clause	Detail description of Qualification / Adverse Remark
NA	NA	NA	NA

For, Piyush J Shah & Co.

F.R.N.: 121172W

Arvind S Vijayvargiya

Partner

Place: Ahmedabad

Date: 24th May, 2023



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Independent Auditors' Report

To,
The Members of
Nila Terminals (Amreli) Private Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Nila Terminals (Amreli) Private Limited** ("the Company"), which comprise the Balance Sheet as at **31st March 2023**, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the 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, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis of Our 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 SAs are further described in 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 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinion on these matters.



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We have found the following key audit matters which were of most significance in our audit of the financial statements:

<p>Revenue Recognition</p> <p>As the Company is involved in the construction as well as development of infrastructures projects, their revenue should be recognized over a period of time in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers. Due to the nature of the business, the entity shall use the percentage of completion method in accounting for its contracts. Use of the percentage of completion method requires the entity to estimate the costs incurred till date as a proportion of the total cost to be incurred along with identification of contractual obligations and the entity's rights to receive payments for performance completed till date, changes in scope and consequential revised contract price and recognition of the liability for loss making contracts/onerous obligations. Costs incurred have been used to measure progress towards completion as there is a direct relationship.</p> <p>While performing audit, we have found that the company did not record any revenue till the Balance sheet date. As the company has neither entered in any contract for sale of such inventories nor received any amount as advance booking against inventory till the Balance sheet date.</p> <p>Since the Revenue is not recognized in this case, therefore We have considered it a Key Audit Matter.</p>	<p>Audit Procedures</p> <p>We have performed the following audit procedures in this regard :</p> <ul style="list-style-type: none">• Testing the design and implementation of internal controls including control over process for determining estimates used as evaluating whether they are operating effectively.• Testing related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.• Testing different sample of contracts for identification of performance obligations.• Reviewed the Company's process of collecting information supporting the basis for accrual of costs against work performed upto the cut off dates. Reviewed the design and operating effectiveness of management's key controls in collecting such data with respect of costs.• Reviewed the documents maintained under RERA and various other documents for not recognizing revenue on the basis of percentage of completion method.
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<p>Inventory</p> <p>In Accordance with the Ind AS 2, Inventories shall be measured at the lower of cost and net realizable value. Cost of Construction work-in-progress of constructed properties includes the cost of land (including development rights and land under agreements to purchase), internal development costs, external development charges, construction costs, overheads, borrowing cost if inventorisation criteria are met, development/ construction materials. Cost of such project as on 31st March, 2023 is Rs. 31,02,76,068/-</p> <p>Even after completing 65% of project, still company has neither entered in any contract for sale of such inventory nor has received any advance booking amount against inventory till the Balance sheet date. So, we reviewed the Valuation of Inventories to identify the Net realizable value of the project.</p>	<p>Audit Procedures</p> <p>We have performed the following audit procedures in this regard :</p> <ul style="list-style-type: none"> • Verify the documents filed with the RERA Authority for cost incurred till date • Verify the expenses incurred to bring the Inventories in present condition • Verify the valuation report prepared by third party and performed the procedure as per the SA 620 – Using the work of an Auditor’s Expert. • Considered the Valuation report of Valuer dated 15th May, 2023 has assessed that project is completed up to 65% of the total value of such project and value of such completed project is as follows: <p style="margin-left: 40px;">Estimated Market Value of the Property - Rs. 70,00,67,550/-</p> <p style="margin-left: 40px;">Estimated Realizable Value of the Property - Rs. 63,00,60,795/-</p> <p style="margin-left: 40px;">Estimated Distress Value of the Property - Rs. 49,00,47,285/-</p>
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Other Information

The Company’s management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company’s annual report but does not include the financial statements and our auditors’ 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Company’s annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management’s and Board of Directors’ Responsibility for The 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 statements 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 and the Board of Directors 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 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 and its subsidiary companies which are companies incorporated in India, 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 ability of the Company 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, 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. A. 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 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 standalone balance sheet, the standalone statement of profit and loss dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023, from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect

