



Independent Auditor's Report

To the Members of
DME DEVELOPMENT LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion:

We have audited the Standalone Financial Statements of DME DEVELOPMENT LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March' 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter 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 accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March' 2021, and its loss (financial performance including other comprehensive income), changes in equity and its cash flows for the period from 29th August 2020 to 31st March 2021.

Basis for Opinion:

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 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.

Information other than the standalone financial statements and auditors' report thereon:

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Corporate Governance Report (but does not include the standalone financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report (hereinafter referred to as CG Report), and the information included in the Director's Report including Annexures, Management Discussion & Analysis, Business Responsibility Report and other company related information (hereinafter referred to as 'Other Reports'). Other reports are expected to be made available to us after the date of this auditor's report.



Our opinion on the Standalone Financial Statements does not cover the other information and we do not and will 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 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 during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information included in C G Report that we obtained prior to date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter:

We draw attention to Note No 26(i) (ii) & (iii) of the financial statements, which indicate towards contingent liability for penalty due to delay in appointment of Whole Time Company Secretary (KMP) in terms of section 203 of the Companies Act 2013, delay in payment of stamp duty on share certificates on allotments during the year in terms of section 3 of the Indian Stamp Act, 1989, every instruments require proper duty and section 32 of the Indian Stamp Act, the company is required to pay proper stamp duty on all share certificates within 30 days of issue of share certificates and not to constitute an Audit Committee u/s 177 of the Companies Act 2013 till date. However, our opinion is not modified in respect of these matters.

Responsibilities of Management and Those Charged with Governance 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 standalone financial statements that give a true and fair view of the financial position, financial performance, comprehensive income, change in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards (Ins AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015 as amended. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 are also responsible for overseeing the Company's financial reporting process.



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.

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 with reference to standalone financial statements 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.

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.

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, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, 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. We are enclosing our report in terms of section 143(5) of the Companies Act, on the basis of such checks of books and records of the company as we considered appropriate and according to the information and explanation given to us, we give in the '**Annexure B**' on the directions and sub-directions issued by the Comptroller and Auditor General of India.
3. 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 Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of changes in Equity and the Cash Flow Statement 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 Indian Accounting Standards (Ind AS) prescribed specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
 - e) Being a Government company pursuant to the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provision of section 164(2) of the Act are not applicable to the company.
 - f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in '**Annexure C**'.
 - g) As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provision of section 197 of the Act are not applicable to the Government Company. Accordingly reporting in accordance with the requirements of Sec 197(16) of the Act as amended, is not required.



- 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 does not have any pending litigation which would impact its financial position.
 - ii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place:- New Delhi

Date: 14.09.2021

UDIN: **21093542AAAAEA8279**

For Singh Harbeer & Associates

Chartered Accountants

Firm Regn No: 017247N



Harbeer Singh
(Partner)

Membership No. 093542

Annexure 'A'

The Annexure referred to in paragraph 1 of Our Report of even date on "Other Legal and Regulatory Requirements" to the members of DME Development Limited on the standalone Financial Statements for the period from 29th August 2020 to 31st March 2021.

We report that:

- i.

The company has no fixed assets except capital work in progress (CWIP) shown under intangible assets. Hence report on requirement of proper records showing full particulars, including quantitative details and situation of its fixed assets (Property Plant & Equipment) is not applicable. Clause (b) in respect of physical verification of fixed assets by the management at reasonable intervals is not required. Since the company has no immovable property, hence comment on clause 'c' is not applicable.
- ii. As explained to us, the company is providing fund to NHAI by way of reimbursement of all expenditure made for construction of Delhi-Mumbai Expressway in terms of Implementation Agreement & Concessionaire Agreement between both to execute the Project. Hence nature of its business activities does not require holding of inventory. Thus maintenance of inventory records and physical verification of stock by the management as compared to book records are not applicable to the company.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), (b) and (c) of the order are not applicable to the Company.
- iv. In respect of loans, investments, guarantees, and security, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. The company has not accepted any deposits from the public covered under sections 73 to 76 of the Companies Act, 2013. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- vi. As per information & explanation given by the management, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- vii.
 - a. According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Goods and Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues to the extent applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, there were no outstanding statutory dues as on 31st March' 2021 for a period of more than six months from the date they became payable, except:



Name of the Statute	Nature of the Dues	Amount (Rs. In lakhs)	Period for which the amount relates	Due Date	Date of Payment	Remarks, if any
The Indian Stamp Act, 1989	Stamping of share certificates	0.10 lakhs	F.Y. 2020-2021	21.10.2020	Yet to pay	Delay in depositing of Stamp duty on issue of share certificates on 22.09.2020 for subscribing of initial capital on incorporation of the company

(b) According to the information and explanations given to us, there is no amount payable in respect of income tax, service tax, sales tax, customs duty, excise duty, value added tax and cess whichever applicable, which have not been deposited on account of any disputes.

- (viii) In our opinion and according to the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank, Government or debenture holders, as applicable to the company.
- (ix) Based on our audit procedures and according to the information given by the management, the company has not raised any money by way of initial public offer or further public offer (including debt instruments). According to the information & explanation given to us, the company has raised money of Rs 9,73,100.00 lakhs by way of term loans from four banks which have been applied for the purpose for which they were obtained during the period.
- (x) According to the information and explanations given to us, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the period.
- (xi) As per Notification No 463 (E) dated 5 June 2015 issued by the Ministry of Corporate Affairs (MCA) Government of India, Section 197 of the Act is not applicable to a Government Company. Thus provisions of clause (xi) of the Order is not applicable to the company.
- (xii) The company is not a Nidhi Company. Therefore, clause (xii) of the order is not applicable to the company.



- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable Indian Accounting Standards (Ind AS).
- (xiv) The company has made preferential allotment on the basis of right issue of Rs 1,081.00 crores on 19.03.2021 in addition to initial allotment of equity shares of Rs 1.00 crore to initial subscribers of the company and the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. The company has not raised any money by way of fully or partly convertible debentures during the period under review.
- (xv) The company has not entered into 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.

Place:- New Delhi

Date: 14.09.2021

UDIN: **21093542AAAAEA8279**

For Singh Harbeer & Associates
Chartered Accountants

Firm Regn No: 017247N



Harbeer Singh
(Partner)

Membership No. 093542

Annexure 'B'

Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of DME DEVELOPMENT LIMITED on the Standalone Financial Statements for the PERIOD ended 31ST March' 2021

Sl. No.	Directions u/s 143(5) of the Companies Act, 2013	Auditor's reply on action taken on the directions	Impact on financial statement
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transaction outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	As per information & explanation given to us, the company has a system in place to process all the accounting transactions through IT system. TALLY-ERP has been implemented for processing of all financial accounting transactions. In addition to above, a common online system – namely common platform of NHAI known as Accounting & Finance Management System (AFMS) provided by NHAI to the company for Online approval of each & every e-office resolution / document & noting the requisite information on time, is used. Based on the audit procedures carried out and as per information & explanation given to us, no accounting transaction has been processed / carried outside IT system. Accordingly, there is no implication on the integrity of the accounts.	Nil
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts / loans / interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	Based on the audit procedures carried out and as per information & explanation given to us, there was no restructuring of existing loan, waiver, write off of any debt, loan, interest etc. made by the lender to the company due to inability of the company to repay the loan.	Nil
3	Whether funds received / receivable for specific schemes from Central / State Agencies were properly accounted for / utilized as per its term and conditions? List the cases of deviation.	Based on the audit procedures carried out and as per information & explanation given to us, the company has obtained the sum of Rs 1,082.00 Crores only from NHAI towards capital contributions. In addition to that, the company has not received any fund for specific scheme from any Central / State Agency during the period under audit. However, the company has raised fund of Rs 9,731.00 Crores from four nationalized banks as term loans and the same has been utilized for construction of Delhi-Mumbai Expressway through NHAI in terms of Implementation Agreement dated 05.02.2021	Nil

Place:- Delhi
Date:14.09.2021

UDIN: 21093542AAAAEA8279

For Singh Harbeer & Associates
Chartered Accountants
Firm Regn No: 017247N


Harbeer Singh
(Partner)

Membership No. 093542

Annexure-‘C’

Report on Internal Financial Controls Over Financial Reporting

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 DME DEVELOPMENT LIMITED (“the Company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the period 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.

Auditors’ 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”) 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 judgement, 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 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, 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.

Place:-New Delhi

Date: 14.09.2021

UDIN: **21093542AAAAEA8279**

For Singh Harbeer & Associates
Chartered Accountants
Firm Regn No: 017247N


Harbeer Singh
(Partner)
Membership No. 093542

