

## STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS

for the Financial Year ended March 31, 2020 on Financial Results

GTL Infrastructure Limited (the Company)

[See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]

I. Sl. Particulars No.	Audited Figures (as reported before adjusting for qualifications) (₹ In Lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (₹ In Lakhs)
1. Turnover / Total income (Including Other Income)	143,723	Refer 'Details of Audit Qualification below'
2. Total Expenditure (Including Exceptional Items)	330,077	-do-
3. Net Profit/(Loss)	(186,354)	-do-
4. Earnings Per Share (in ₹)	(1.46)	-do-
5. Total Assets	743,017	-do-
6. Total Liabilities	762,347	-do-
7. Net Worth	(19,330)	-do-
8. Any other financial item(s) (as felt appropriate by the management)	Not Applicable	Not Applicable

### II. Audit Qualification (each audit qualification separately):

#### a. Details of Audit Qualification:

- i) "Attention is drawn to Note no. 3 to the statement which inter alia states that, the Hon'ble Supreme Court of India held that "Mobile Telecommunication Tower" is a building and State can levy property tax on the same. Pending petitions of the Company before the appropriate Courts, non-receipt of demand notices for property tax in respect of majority of the Telecommunication Towers and also due to Company's right to recover such property tax amount from certain customers, the company is unable to quantify the amount of property tax to be borne by it and accordingly has not made any provision for the same. We are unable to quantify the amount of the property tax, if any, to be accounted for and its consequential effects on the statement."

#### b. Type of Audit Qualification : Qualified Opinion

- c. **Frequency of qualification:** Whether appeared first time / repetitive / since how long continuing Qualification Referred in II (a) (i) – Coming since December 31, 2016

- d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Not Applicable

#### e. For Audit Qualification(s) where the impact is not quantified by the auditor:

- (i) **Management's estimation on the impact of audit qualification:** Not Applicable

#### (ii) **If management is unable to estimate the impact, reasons for the same:**

The Hon'ble Supreme Court vide its order dated December 16, 2016 upheld that "Mobile Telecommunication Tower" is exigible to Property Tax and the State can levy property tax to Mobile Towers. While deciding the Special Leave Petition (SLP) for Mumbai matters, the Hon'ble Supreme Court had given liberty to agitate the issue with regard to the retrospective operation of assessment/demand of tax and the quantum thereof before the appropriate forum. Post the Judgment of Hon'ble Supreme Court in January 2017; the Company had challenged the quantum of property tax and other issues before the Bombay High Court. By an order dated April 18, 2017, Bombay High Court dismissed the appeal.

Against the said order, the Company preferred a SLP with regards to the manner, quantum, component of property tax and other issues. The same was heard on January 25, 2018 and the Hon'ble Supreme Court was pleased to issue a notice to Municipal Corporation & also directed Municipal Corporations to maintain status quo. The said SLP was finally disposed of by an order dated January 02, 2019 and Hon'ble Supreme Court has set aside the Bombay High Court order dated April 18, 2017 and has directed the Bombay High Court to decide the Writ Petition on merits.

The Company has filed an amendment application before the Bombay High Court in view of the Supreme Court order and developments happened during the pendency of the SLP before Supreme Court.

Another IP Company by name ATC Telecom Pvt. Ltd have preferred an appeal before Hon'ble Supreme Court against the Order of the Gujarat High Court on the rates and taxes to be fixed for mobile towers in lieu of the Amendment made in the Gujarat Provincial Municipal Corporation Act, 1949 in the year 2011. Supreme Court after hearing the ATC Company in September, 2018 has granted leave and the matter is pending for final hearing. Further, The Company has also filed a SLP on July 10, 2019, bearing SLP No. 16649 of 2019 before Hon'ble Supreme Court against Nagpur Municipal Corporation challenging the calculation and quantum of the Property Tax. The Hon'ble Supreme Court has given a stay on the High Court Order subject to payment of 50% of the demanded amount.

The Company has also gone into an appeal against Nagpur Municipal Corporation before the Hon'ble Supreme Court of India and has obtained an interim order. The said matter has been tagged with another appeal filed by ATC Telecom Pvt. Ltd. Also with respect to the few sites where demand notices for property tax have been received, the Company has contested the demands by filing writ petitions in appropriate Courts for the assessment of property tax demand / retrospective levy of property tax, procedure and quantum that have been demanded. Various Hon'ble High Courts passed an order not to take any coercive action till the admission of matter.

The matter being still sub-judice, non-receipt of demand notes for majority of the towers of the Company and the Company's right to recover property tax from certain customers, the Company is unable to quantify actual property tax amount payable excluding the components which are under challenge. The provision will be considered as and when the matter is solved.

(iii) **Auditors' Comments on (i) & (ii) above:**

Refer "Basis for Qualified Opinion" in the Independent Auditors' Report dated June 24, 2020 on the Financial Results of the company for the quarter and year ended March 31, 2020.

For **GTL Infrastructure Limited**

**Milind Naik**  
(Whole Time Director)  
(Din No. 00276884)

**Bhupendra Kiny**  
(Chief Financial Officer)

**N. Balasubramanian**  
(Audit Committee Chairman)  
(Din No. 00288918)

**Refer our Independent Auditors' Report dated June 24, 2020 on the Financial Results of the Company.**

For **Pathak H. D. & Associates LLP**  
**Chartered Accountants**  
Firm Reg. No. 107783W/ W100593

Mumbai  
Date: June 24, 2020

**Gopal Chaturvedi**  
Partner  
Membership No. 090903