# VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED

## DIRECTORS' REPORT

To
The Shareholders of
**Vijayawada Gundugolanu Road Project Private Limited**

Your Directors have pleasure in submitting their Sixth Annual Report, together with the Audited Accounts of the Company, for the financial year from 1st April, 2016 to 31st March, 2017 (the "**Period**").

Pursuant to the notification dated February 16, 2015 of the Ministry of Corporate Affairs (MCA), your Company has adopted the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 in preparing and presenting the Financial statements beginning the financial year under report, the figures for the previous financial year ended on March 31, 2016 and the balances as on October 1, 2014 have been restated accordingly in order to make these comparable.

### 1. FINANCIAL RESULTS

The Company has a loss of Rs.12,02,15,000/- for the Period; which has been carried forward to the Balance Sheet.

### 2. PROJECT STATUS

Your Company has signed a Concession Agreement dated 21st March, 2012, with National Highways Authority of India ("**NHAI**") for a project for six laning of Vijayawada – Gundugolanu section of NH-5 (new NH 16) from km 1076.48 to km 1022.48 including six lane Hanuman Junction Bypass (Length 6.72 km) and four lane Vijayawada Bypass (Length 47.88 km) [Total Length: 103.59 km] in the State of Andhra Pradesh under NHDP Phase V (the "**Project**").

Of these four lanes are already operational, while 2 are in development phase. This will be executed on BOT (Toll) mode on Design, Build, Finance, Operate and Transfer basis.

During the Period under review, the Company has collected toll till 26th August, 2016 and construction work was also in progress. However, the Company received termination notice from NHAI on 26th August, 2016 and consequently NHAI took over possession of the Toll Plazas at the Projects site on 27th August, 2016. Based on the correspondence by the Company, Gammon Infrastructure Projects Limited (the Holding Company) with top officials of NHAI and Ministry of Road Transport & Highways (MORTH), NHAI has agreed to revoke the termination notice vide letter dated 16th January, 2017 and also agreed to handover the Toll Plazas subject to fulfillment of certain conditions.

### 3. DIVIDEND/TRANSFER TO RESERVES:

In view of the loss during the year, the Directors have not recommended any dividend for the financial year under review. No amount is transferred to any reserve.



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CIN : U74990DL2012PTC232205

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Tel. : 91 - 22 - 6748 7200 • Fax : 91 - 22 - 6748 7201 • E-mail : info@gammoninfra.com
Website : www.gammoninfra.com

4. **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT**:

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this Report.

5. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**:

In view of the nature of business activities of the Company, your Directors have nothing to report with respect to Conservation of Energy and Technology Absorption as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014. The Company has neither earned nor spent any foreign exchange during the Period.

6. **PARTICULARS OF EMPLOYEES**:

During the Financial Year / Period or any part of it, the Company has not employed any employee in receipt of remuneration in excess of the limits specified under Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

7. **DIRECTORS' RESPONSIBILITY STATEMENT**:

In accordance with Section 134(5) of the Companies Act, 2013, the Directors to the best of their knowledge and ability confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that Period;
iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
iv. they have prepared the annual accounts on a going concern basis;
v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

8. **BOARD OF DIRECTORS**:

Mr. Kaushik Chaudhuri and Ms. Poonam Sabnis joined the Board as the Additional Directors on 29th December, 2016 and 28th April, 2017 respectively and they both hold office upto the date of the ensuing Annual General Meeting of the Company.



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The notices under Section 160 of the Companies Act, 2013, along with the requisite deposits have been received from the members signifying their intention to propose Mr. Kaushik Chaudhuri and Ms. Poonam Sabnis as the candidates to the office of Directors of the Company.

Mr. Kulldip Daryani and Mr. Subramanya Venkata Ramana Murthy Satya Manapragada resigned from the Directorship of the Company w.e.f. 9th December, 2016 and 10th April, 2017.

Mr. Sanjay Chaudhary, Director, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

## 9. NUMBER OF MEETINGS OF THE BOARD:

Six Board Meetings were held during the financial year. These were held on 6th June, 2016, 22nd July, 2016, 26th August, 2016, 30th September, 2016, 29th December, 2016 and 18th March, 2017.

The intervening gap between the Meetings was not more than 120 days as prescribed under the Companies Act, 2013. Details of attendance by each Director at the said Board meetings are as under:

| Name of Director (s) | Number of Meetings held | Attended |
|---|---|---|
| Mr. Sanjay Chaudhary | 6 | 5 |
| Mr. Kulldip Daryani * | 4 | 4 |
| Mr. Kaushik Chaudhuri** | 2 | 2 |
| Mr. Subramanya Venkata Ramana Murthy Satya Manapragada*** | 6 | 2 |

* Ceased to be a Director w.e.f. 9th December, 2016.
** Appointed as the Director w.e.f. 29th December, 2016.
*** Ceased to be a Director w.e.f. 10th April, 2017.

## 10. RISK MANAGEMENT:

The Board has not developed and implemented a formal risk management policy for the Company. However, the Board of Directors periodically as a part of its review of the business consider and discuss the external and internal risk factors like markets related, logistics related, Government policy related matters that may threaten the existence of the Company.

## 11. PARTICULARS OF LOANS, GUARANTEES OR INVETMENTS:

The Company has not made any loans, guarantees or investments as covered under Section 186 of the Companies act, 2013.

## 12. EXTRACT OF THE ANNUAL RETURN:

As provided under Section 92(3) of the Companies Act, 2013, the extract of annual return is given in Annexure I in the prescribed Form MGT-9, which forms part of this report.



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## 13. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

Particulars of related party transactions are given in prescribed Form AOC-2 annexed as Annexure II.

## 14. AUDITORS:

At the annual general meeting held on 27th March, 2015, M/s. Natvarlal Vepari & Co., Chartered Accountants were appointed as the statutory auditors of the Company to hold office till the conclusion of the Ninth annual general meeting. In terms of first proviso to Section 139 of the Companies Act, 2013, the appointment of the Statutory Auditors shall be placed for ratification at every annual general meeting. Accordingly, appointment of M/s. Natvarlal Vepari & Co., Chartered Accountants as Statutory Auditors of the Company is placed for ratification by the shareholders.

## 15. AUDITORS' REPORT:

In the opinion of the Directors, the observation made by the Auditors in their Report are self-explanatory and do not require any clarification by the Directors.

## 16. INTERNAL FINANCIAL CONTROLS & THEIR ADEQUACY:

Your Company's internal control systems commensurate with the nature and size of its business operations. Your Company has adequate internal financial controls in place to ensure safeguarding of its assets, prevention of frauds and errors, protection against loss from unauthorized use or disposition and the transactions are authorised, recorded and reported diligently in the Financial Statements.

## 17. CHANGE IN THE NATURE OF BUSINESS;

There has been no change in the nature of business during the year under review.

## 18. DEPOSITS

The Company has not accepted any deposits covered under Chapter V of the Act.

## 19. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

There are no significant / material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

## 20. CORPORATE SOCIAL RESPONSIBILTY

CSR related provisions of the Companies act, 2013, do not apply to the Company as the Company does not meet profit, turnover or net worth criteria prescribed in this regard.



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## 21. SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

The Company does not have any subsidiary or associate company or joint venture.

## 22. ACKNOWLEDGEMENT

The Directors wish to express their sincere gratitude to the State Government, NHAI, the commercial banks and the financial institutions for their continued co-operation and assistance.

For and on behalf of the Board
of **Vijayawada Gundugolanu Road Project Private Limited**

Sanjay Chaudhary
Director

Kaushik Chaudhuri
Director

Place: Mumbai
Date: 29.08.2017



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## ANNEXURE I

# Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

## I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| **i.** | CIN | U74990DL2012PTC232205 |
| **ii.** | Registration Date | 01.03.2012 |
| **iii.** | Name of the Company | Vijayawada Gundugolanu Road Project Private Limited |
| **iv.** | Category / Sub-Category of the Company | Company Limited by shares / Indian Non-Government Company. |
| **v.** | Address of the Registered office and contact details | Second Floor, Plot No. 360, Block – B, Sector 19, Dwarka, New Delhi – 110075. |
| **vi.** | Whether listed company | No |
| **vii.** | Name, Address and Contact details of Registrar and Transfer Agent, if any | N. A. |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---|---|---|---|
| 1 | Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways | 42101 | N. A. |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1. | Gammon Infrastructure Projects Limited Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025. Phone no.: (022) 6748 7200 | L45203MH2001PLC131728 | Holding Company | 100% | Section 2(46) |

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i. *Category-wise Share Holding*

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoter** | | | | | | | | | |
| ***1) Indian*** | | | | | | | | | |
| a) Individual/ HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | -- | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 9,998 | 2 | 10,000 | 100 | 9,998 | 2 | 10,000 | 100 | - |
| e) Banks / FI | - | - | - | - | | - | - | - | - |
| f) Any Other | | | | | | | | | |
| **Sub-total(A)(1)** | **9,998** | **2** | **10,000** | **100** | **9,998** | **2** | **10,000** | **100** | - |
| ***2) Foreign*** | - | - | - | - | - | - | - | - | - |
| a) NRIs-Individuals | - | - | - | - | - | - | - | - | - |
| b) Other-Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other…. | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(2):- | - | - | - | - | | - | - | - | - |
| **Total Promoter Shareholding (A)=(A)(1)+(A)(2)** | **9,998** | **2** | **10,000** | **100** | **9,998** | **2** | **10,000** | **100** | - |
| **B. Public Shareholding** | | | | | | | | | |
| **1. *Institutions*** | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(1)** | - | - | - | - | - | - | - | - | - |
| **2. Non Institutions** | | | | | | | | | |
| a) Bodies Corp. (i) Indian (ii) Overseas | - | - | - | - | - | - | - | -- | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh<br><br>(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | | | | | | | | | |
| c) Others(Specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(2)** | - | - | - | - | - | - | - | - | - |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | **9,998** | **2** | **10,000** | **100** | **9,998** | **2** | **10,000** | **100** | - |

***ii. Shareholding of Promoters***

| **Sr. No** | **Shareholder's Name** | **Shareholding at the beginning of the year** | | | **Shareholding at the end of the year** | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | % change in share holding during the year |
| **1.** | Gammon Infrastructure Projects Ltd. | 10,000 | 100.00 | - | 10,000 | 100.00 | - | - |
| | **Total** | **10,000** | **100.00** | - | **10,000** | **100.00** | - | - |

***iii. Change in Promoters' Shareholding (please specify, if there is no change): N.A.***

| **Sr. no** | | **Shareholding at the beginning of the year** | | **Cumulative Shareholding during the year** | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | - | - | - | - |
| - | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| | transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | - | - | - | - |

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDR and ADRs):N.A.**

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | **For Each of the Top 10 Shareholders** | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year (or on the date of separation, if separated during the year) | - | - | - | - |

**v. Shareholding of Directors and Key Managerial Personnel- NIL**

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | **For Each of the Directors & KMP** | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | **Directors:** | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

## V.INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year (01-April-2016) | | | | |
| i) Principal Amount | -- | -- | -- | -- |
| ii) Interest due but not paid | -- | -- | -- | -- |
| iii) Interest accrued but not due | -- | -- | | -- |
| Total (i+ii+iii) | -- | -- | -- | -- |
| Change in Indebtedness during the financial year<br>- Addition<br>- Reduction | --<br>-- | --<br>-- | --<br>-- | --<br>-- |
| Net Change | -- | -- | -- | -- |
| Indebtedness at the end of the financial year (31-Mar-2017) | | | | |
| i) Principal Amount | -- | -- | -- | -- |
| ii) Interest due but not paid | -- | -- | -- | -- |
| iii) Interest accrued but not due | -- | -- | -- | -- |
| Total (i+ii+iii) | -- | -- | -- | -- |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager: N.A.

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---|---|---|---|---|---|---|
| 1. | Gross salary<br><br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | | | | | |
| 2. | Stock Option | | | | | |
| 3. | Sweat Equity | | | | | |
| 4. | Commission<br>- as % of profit<br>- others, specify… | | | | | |
| 5. | Others, please specify | | | | | |
| | Total (A) | | | | | |
| | Ceiling as per the Act | | | | | |

***B. Remuneration to other directors: NIL***

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---|---|---|---|---|---|---|
| | Independent Directors<br>· Fee for attending board committee meetings<br>· Commission<br>· Others, please specify | | | | | |
| | Total (1) | | | | | |
| | Other Non-Executive Directors<br>· Fee for attending board committee meetings<br>· Commission<br>· Others, please specify | | | | | |
| | Total (2) | | | | | |
| | Total (B)=(1+2) | | | | | |
| | Total Managerial Remuneration | | | | | |
| | Overall Ceiling as per the Act | | | | | |

**C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD: N.A.**

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | | | |
| 2. | Stock Option | | | | |
| 3. | Sweat Equity | | | | |
| 4. | Commission<br>- as % of profit<br>- others, specify… | | | | |
| 5. | Others, please specify | | | | |
| | Total | | | | |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: N.A.**

| Type | Section of the Companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority[RD /NCLT/Court] | Appeal made. If any(give details) |
|---|---|---|---|---|---|
| **A. Company** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **B. Directors** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **C. Other Officers In Default** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

For and on behalf of the Board
**Vijayaywada Gundugolanu Road Project P. Ltd.**

Sanjay Chaudhary
Director
DIN: 05157682

Kaushik Chaudhuri
Director
DIN: 06757692

Place: Mumbai
Date: 29.08.2017

**Annexure- II**

# Form AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act,2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis:

   There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2017, which were not at arm's length basis.

| Sr. No. | Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements / transactions | Duration of the contracts/ arrangements / transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Justification for entering into such contracts or arrangements or transactions | Date(s) of approval by the Board | Amount paid as advances, if any: | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 |
|---|---|---|---|---|---|---|---|---|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |

2. Details of material contracts or arrangement or transactions at arm's length basis

| Sr. No. | Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements / transactions | Duration of the contracts/ arrangements / transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board , if any: | Amount paid as advances, if any: (Rs. In Lakhs) |
|---|---|---|---|---|---|---|
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 1. | Gammon Infrastructure Projects Limited (Holding Company) | EPC Contract | Contract commencing from 1st September, 2014 till completion of construction works | Construction of 6 flyovers, 2 major bridges, 45 minor bridges, 13 pedestrian under pass, 173 underpass, 3 ROBs, 21 box culverts, 43 slab culverts; Contract value: Rs.1367 crores | 29.03.2016 | 2186.22 |

For and on behalf of the Board
**Vijayawada Gundugolanu Road Project Private Limited**

| | |
|---|---|
| Sanjay Chaudhary<br>Director<br>DIN: 05157682 | Kaushik Chaudhuri<br>Director<br>DIN: 06757692 |

Place: Mumbai
Date: 29.08.2017

*Natvarlal Vepari & Co.*
**CHARTERED ACCOUNTANTS**

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Vijayawada Gundugolanu Road Projects Private Limited**

### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Vijayawada Gundugolanu Road Projects Private Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Cash Flow and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statement".

### Management's 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 and presentation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) specified under Section 133 of the Act, read with relevant rules thereon.

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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS Financial Statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind

NATVARLAL VEPARI & CO. ★ CHARTERED ACCOUNTANTS ★ Mumbai

*Natvarlal Vepari & Co.*
**CHARTERED ACCOUNTANTS**

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AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS of the state of affairs of the Company as at March 31, 2017, its financial performance including other comprehensive income, its cash flows and the statement of changes in equity for the year ended on that date.

**Emphasis of matter**

We invite attention to Note 36, in respect of the Tolling Road Project in Andhra Pradesh where termination notice was received from NHAI on 26th August 2016 and consequently NHAI took over possession of toll plaza. Based on the subsequent negotiation and discussion with the grantor, the grantor has agreed to revoke the termination notice vide its letter dated 16th January 2017 subject to completing of financial closure and fulfilling other Commitments as specified in the letter within the stipulated timeframe. Pursuant to the requirements stipulated by NHAI the Company has entered into a binding agreement with Hinduja Realty Ventures for a committed equity participation of 49% in the Project. With the committed equity participation by the Hinduja Realty Ventures, bankers have expressed their willingness to give their respective sanctions, which are under final stages of approval for financial closure of this Project. The management is confident of achieving the financial closure and reviving the project. We have relied on the assertions of the Management. The going concern assertions of the management are dependent upon the timely financial closure and award of the project back to the Company. We have not qualified our report on this account.

**Other Matter**

The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at October 1, 2014 included in these standalone financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and September 30, 2014 prepared in accordance with the Companies (Accounting Standard) Rules 2006 (as amended) which were audited by us , on which we expressed unmodified opinion dated June 6, 2016 and November 15, 2014 respectively. The adjustments to these financial statements for the difference in accounting principles adopted by the Company on transition to the have been audited by us.

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**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 paragraphs 3 and 4 of the said Order.

2. 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 Cash Flow Statement and Statements of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules thereon.

   (e) The matters described in Emphasis of Matters paragraph, in our opinion, may have an adverse effect on the functioning of the Company;

   (f) On the basis of written representations received from the directors as on March 31, 2017 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2017 from being appointed as a director in terms of section 164(2) of the Act.

   (g) 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"; and

   (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. There are no pending litigations on its financial position in its Ind AS Financial Statement.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There are no amounts that are required to be transferred to the Investor Education and Protection Fund during the year.

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iv. The Company has provided requisite disclosures in its Standalone Ind AS Financial Statements as regards to holdings as well as dealings in Specified Bank Notes as defined in the notification S.O.3407(E) dated the November 8, 2016 of the Ministry of finance , during the period from November 08, 2016 to December 30, 2016. Based on audit procedures performed and the representation provided to us by the management, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management. Refer Note 6.3 (a) to the Standalone Ind AS Financial Statements.

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No.106971W

NATVARLAL VEPARI & CO. ★ Mumbai ★ CHARTERED ACCOUNTANTS

Ruchi Tamhankar
Partner
Membership No. 136667
Mumbai, Dated: June 17, 2017

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## ANNEXURE A

## To the Independent Auditors' Report on the Standalone INDAS Financial Statements of Vijayawada Gundugolanu Road Projects Private Limited

(i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of its Property, Plant & Equipment.

(b) Property, Plant & Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There is no immovable property in the name of the company and hence clause 3(i)(c) of Companies (Auditors Report) Order 2016 is not applicable to the Company

(ii) As the company does not hold any inventory during the year, clause 3(ii) of Companies (Auditors Report) Order 2016 is not applicable to the Company.

(iii) The Company has not granted any loan secured or unsecured to any company, firm, Limited Liability Partnership or other parties covered in the register maintained u/s 189 of the Companies Act 2013. Therefore clause 3(iii)(a), 3(iii)b) and 3(iii)(c) of Companies (Auditors Report) Order, 2016 are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 with respect to loans, investments, guarantees and security given.

(v) The Company has not accepted any deposit from the public pursuant to sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder. As informed to us, there is no order that has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of the said sections.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to road tolling business under BOT basis, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company has been generally regular in depositing undisputed statutory dues including Provident fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at March 31, 2017 for a period of more than six months from the date of becoming payable, except for tax deducted at source of Rs 3.10 lacs, works contract tax of Rs 1.75 lacs and labour cess of Rs 3.47 lacs.

(b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Service Tax, or Value Added Tax which have not been deposited on account of any dispute.

NATVARLAL VEPARI & CO. * CHARTERED ACCOUNTANTS * Mumbai

(viii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not borrowed any funds from Banks or Financial Institutions, therefore clause 3(viii) of the Companies (Auditors Report) Order 2015 is not applicable to the Company.

(ix) The company has not raised any money by way of public issue / follow-on offer ( including debt instruments and term loans) , therefore the clause 3(ix) of the Companies (Auditors Report) Order 2016 is not applicable to the Company.

(x) According to the information and explanations given to us and to the best of our knowledge and belief no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) The company has not paid any managerial remuneration during the year and hence provisions of section 197 read with schedule V to the Companies Act, 2013 are not applicable to the Company.

(xii) The Company is not a Nidhi Company hence clause 3(xii) of Companies (Auditors Report) Order 2016 is not applicable to the Company.

(xiii) All transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 in so far as our examination of the proceedings of the meetings of the Audit Committee and Board of Directors are concerned. The details of related party transactions have been disclosed in the Ind AS Financial Statements as required by the applicable Accounting Standard.

(xiv) The company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review and hence the clause 3(xiv) of the Companies (Auditors Report) Order, 2016 is not applicable to the Company.

(xv) The company has not entered into any non-cash transactions with directors or persons connected with him and hence the clause 3(xv) of the Companies (Auditors Report) Order, 2016 is not applicable to the Company.

(xvi) The nature of business and the activities of the Company are such that the Company is not required to obtain registration under section 45-IA of the Reserve Bank of India Act 1934.

For Natvarlal Vepari & Co
Chartered Accountants
Firm Registration No.106971W

NATVARLAL VEPARI & CO. * CHARTERED ACCOUNTANTS * Mumbai

Ruchi Tamhankar
Partner
Membership No. 136667
Mumbai, Dated: June 17, 2017

**Annexure - B**

**To the Independent Auditors' Report on the Standalone INDAS Financial Statements of Vijayawada Gundugolanu Road Projects Private Limited**

**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 Vijayawada Gundugolanu Road Projects Private ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS Financial Statement of the Company for the year 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 ('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 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 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 audit opinion on the Company's internal financial controls system over financial reporting.

NATVARLAL VEPARI & CO. ★ Mumbai ★ CHARTERED ACCOUNTANTS

*Natvarlal Vepari & Co.*
**CHARTERED ACCOUNTANTS**

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**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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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.

**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, 2017, 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.

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No.106971W

NATVARLAL VEPARI & CO. * CHARTERED ACCOUNTANTS * Mumbai

Ruchi Tamhankar
Partner
Membership No. 136667
Mumbai, Dated: June 17, 2017

**VIJAYAWADA GUNDUGOLANU ROAD PROJECTS PRIVATE LIMITED**
**CIN: U74990DL2012PTC232205**
**BALANCE SHEET AS AT MARCH 31, 2017**

(Rs. In lacs)

| Particulars | Note Ref | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **(1) Non-current assets** | | | | |
| (a) Property, Plant and Equipment | 3 | 97.55 | 142.81 | 15.54 |
| (b) Other Intangible assets | 4 | 66,170.22 | 66,536.68 | 67,729.50 |
| (c) Intangible Assets Under Development | 5 | 6,277.12 | 4,176.33 | 3,979.56 |
| (d) Financial Assets | 6 | | | |
| (i) Loans | 6.1 | 0.86 | - | - |
| (ii) Others | 6.2 | 1,450.00 | - | - |
| (e) Other Non-current assets | 7 | 14,640.95 | 9,382.35 | 4,993.67 |
| **Total Non-current Assets (A)** | | **88,636.69** | **80,238.17** | **76,718.27** |
| **(2) Current Assets** | | | | |
| (a) Inventories | 8 | - | - | 0.83 |
| (b) Financial Assets | | | | |
| (i) Cash and cash equivalents | 6.3 | 18.55 | 1,998.41 | 664.02 |
| (ii) Loans | 6.1 | 340.42 | 4.40 | - |
| (iii) Others | 6.2 | 32.34 | - | - |
| (c) Other current assets | 7 | 93.09 | 90.05 | 16.68 |
| **Total Current Assets (B)** | | **484.40** | **2,092.85** | **681.53** |
| **Total Assets (A + B)** | | **89,121.09** | **82,331.03** | **77,399.79** |
| **EQUITY & LIABILITIES** | | | | |
| **Equity** | | | | |
| (a) Equity Share capital | 9 | 1.00 | 1.00 | 1.00 |
| (b) Other Equity | 10 | 12,510.44 | 9,634.82 | 8,280.27 |
| **Total Equity (A)** | | **12,511.44** | **9,635.82** | **8,281.27** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| (a) Financial Liabilities | 11 | | | |
| (i) Other financial liabilities | 11.1 | 72,875.76 | 65,042.61 | 61,915.52 |
| (b) Provisions | 12 | 27.40 | 9.31 | 3.68 |
| (c) Deferred tax liabilities (Net) | 13 | - | - | - |
| **Total Non- current liabilities (B)** | | **72,903.16** | **65,051.92** | **61,919.19** |
| **Current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Trade payables | 14 | 192.33 | 200.64 | 7.19 |
| (ii) Other financial liabilities | 11.1 | 3,513.35 | 7,354.16 | 7,176.64 |
| (b) Other current liabilities | 14.1 | - | 87.09 | 8.03 |
| (c) Provisions | 12 | 0.81 | 1.41 | 7.46 |
| **Total Current liabilities (C )** | | **3,706.49** | **7,643.29** | **7,199.32** |
| **Total Equity and Liabilities (A+B+C)** | | **89,121.09** | **82,331.03** | **77,399.79** |

**As per our report of even date attached**
**For Natvarlal Vepari & Co**
Chartered Accountants
Firm Registration No. 106971W

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Ruchi Tamhankar
Partner
M.No. 136667

Place: Mumbai
Date: June 17, 2017

**For and behalf of the Board of Directors of**
**Vijaywada Gundugolanu Road Project Private Limited**

Kaushik Chaudhuri
DIN: 06757692

Place: Mumbai
Date: June 17, 2017

Sanjay Chaudhary
DIN: 05157682

Place: Mumbai
Date: June 17, 2017

VIJAYAWADA GUNDUGOLANU ROAD PROJECTS PRIVATE LIMITED
CIN: U74990DL2012PTC232205
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Rs in lacs)

| Particulars | Note Ref | For 12 months ended March 31, 2017 | For 18 months ended March 31, 2016 |
|---|---|---|---|
| I Revenue from Operations | 15 | 5,606.77 | 13,155.61 |
| II Other Income: | 16 | 128.61 | 34.49 |
| **III Total Revenue (I + II )** | | **5,735.38** | **13,190.10** |
| IV **Expenses:** | | | |
| Construction Cost | 17 | 2,079.99 | 194.82 |
| Tolling and Maintenance Expenses | 18 | 179.17 | 2,320.08 |
| Personnel Expenses | 19 | 266.07 | 250.03 |
| Finance Expenses | 20 | 3,907.95 | 13,009.03 |
| Depreciation & amortization | 21 | 415.25 | 1,262.69 |
| Other Expenses | 22 | 87.63 | 310.90 |
| **Total Expenses** | | **6,936.06** | **17,347.55** |
| V **Profit Before Tax (III- IV)** | | **(1,200.68)** | **(4,157.45)** |
| VI Tax Expense | 23 | | |
| *1. Current Tax* | | - | 111.00 |
| *2. Deferred Tax Liability / (asset)* | | - | (0.00) |
| VII **Profit for the period ( V-VI)** | | **(1,200.68)** | **(4,268.45)** |
| VIII **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurement of defined benefit plans | | (1.47) | 0.19 |
| IX **Total Comprehensive Income** | | **(1,202.15)** | **(4,268.26)** |
| X Earnings per Equity Share: | 24 | | |
| Basic & Diluted | | (12,006.81) | (42,684.49) |
| Par Value | | 10.00 | 10.00 |

As per our report of even date attached
For Natvarlal Vepari & Co
Chartered Accountants
Firm Registration No. 106971W

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Ruchi Tamhankar
Partner
M.No. 136667

Place: Mumbai
Date: June 17, 2017

For and behalf of the
**Vijaywada Gundugolanu Road Project Private Limited**

Kaushik Chaudhuri
DIN: 06757692
Place: Mumbai
Date: June 17, 2017

Sanjay Chaudhary
DIN: 05157682
Place: Mumbai
Date: June 17, 2017

Vijayawada Gundugolanu Road Project Private Limited

VIJAYAWADA GUNDUGOLANU ROAD PROJECTS PRIVATE LIMITED
CIN: U74990DL2012PTC232205
CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2017
*(All the figures are Rupees in lacs unless otherwise stated)*

| Particulars | 12 months period ended March 31, 2017 | | 18 months period ended March 31, 2016 | |
|---|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Net Profit Before Tax As Per Profit & Loss Account** | | **(1,200.68)** | | **(4,157.45)** |
| **Adjusted For :** | | | | |
| Depreciation & Impairment of property, plant & Equipment | 48.79 | | 69.87 | |
| Amortization & Impairment of intangible assets | 366.46 | | 1,192.82 | |
| Interest Income | (76.56) | | (0.12) | |
| Profit on sale of investments | - | | (28.17) | |
| Sundry Balances written back | (50.66) | | (6.20) | |
| Interest Expenses | 3,907.95 | **4195.98** | 13,009.03 | **14237.23** |
| **Operating Profit Before Working Capital Changes** | | | | |
| **Adjusted For :** | | | | |
| Changes in Financial Assets | (336.88) | | (4.40) | |
| Changes in other assets | (5,253.99) | | (4,456.55) | |
| Changes in financial liabilities | 3,052.37 | | (596.73) | |
| Changes in trade payables | (87.09) | | 87.06 | |
| Changes in provisions | 16.02 | | (0.23) | |
| Changes in Inventory | - | **(2,609.56)** | 0.83 | **(4,970.03)** |
| | | **385.74** | | **5,109.76** |
| Income tax paid | | (7.66) | | (124.49) |
| **Net Cash Flow From Operating Activities ( A)** | | **378.09** | | **4,985.26** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of Property, Plant & Equipment | (3.53) | | (197.15) | |
| Fixed Deposit with bank (under lien) | (1,450.00) | | - | |
| Intangible Assets Under Development | (2,100.79) | | (196.76) | |
| Interest Received | 44.22 | | 0.12 | |
| Profit on sale of Investments | - | | 28.17 | |
| **Net Cash Used in Investing Activities (B)** | | **(3,510.09)** | | **(365.62)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Amount recd towards intercorporate deposits | 4,077.78 | | 5,622.80 | |
| Interest Expenses | (306.19) | | (8.69) | |
| Repayment of Deferred Payment Liability | (2,619.44) | | (8,899.36) | |
| **Net Cash Used in Financing Activities (C )** | | **1152.14** | | **(3,285.25)** |
| **Net Change in Cash & Cash Equivalents (A+B+C)** | | **(1,979.86)** | | **1,334.39** |
| Cash & Cash Equivalents at the beginning of the year | | 1998.41 | | 664.02 |
| Cash & Cash Equivalents at the end of the year | | 18.55 | | 1998.41 |
| | | **(1,979.86)** | | **1,334.39** |
| **Components of Cash and Cash Equivalents** | | | | |
| Balances with scheduled banks in current account | | 18.55 | | 1,975.06 |
| Cash on hand | | - | | 23.35 |
| **Total Components of Cash and Cash Equivalents** | | **18.55** | | **1,998.41** |

As per our report of even date attached
For Natvarlal Vepari & Co
Chartered Accountants
Firm Registration No. 106971W

Ruchi Tamhankar
Partner
M.No. 136667
Place: Mumbai
Date: June 17, 2017

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

For and behalf of the Board of Directors of
**Vijaywada Gundugolanu Road Project Private Limited**

Kaushik Chaudhuri
DIN: 06757692
Place: Mumbai
Date: June 17, 2017

Sanjay Chaudhary
DIN: 05157682
Place: Mumbai
Date: June 17, 2017

Vijayawada Gundugolanu Road Project Private Limited

VIJAYAWADA GUNDUGOLANU RAOD PROJECTS PRIVATE LIMITED
CIN: U74990DL2012PTC232205
Notes to Financial Statements for the year ended March 31, 2017
(All the figures are Rupees in lacs unless otherwise stated)

**Statement of Changes in Equity as at:**

**A Equity Share Capital**

| Equity Share Capital | March 31, 2017 Number | March 31, 2017 Amount | March 31, 2016 Number | March 31, 2016 Amount | October 1, 2014 Number | October 1, 2014 Amount |
|---|---|---|---|---|---|---|
| **Equity shares of INR 10 each issued, subscribed and fully paid** | | | | | | |
| Balance at the beginning of the reporting period | 10,000 | 1.00 | 10,000 | 1.00 | 10,000 | 1.00 |
| **Changes in equity share capital during the year** | | | | | | |
| Add: Issue during the reporting period | - | - | - | - | - | - |
| **Balance at end of the reporting period** | **10,000** | **1.00** | **10,000** | **1.00** | **10,000** | **1.00** |

**B Other Equity**

| Particulars | Retained Earnings | Capital Contribution | Other Comprehensive Income | Total |
|---|---|---|---|---|
| **Balance as at October 1, 2014 as per previous Gaap** | (51.29) | - | - | **(51.29)** |
| **IndAS adjustment on account of:** | | | | |
| Items that will not be reclassified to profit or loss- Actuarial gain transferred to OCI | (1.39) | - | 1.39 | - |
| Construction margin on EPC | 27.46 | - | - | **27.46** |
| Reversal of amortization of intangible asset | 503.52 | - | - | **503.52** |
| Reversal of Deferred Tax Liability | 12.04 | | | **12.04** |
| Amortization based on traffic count | (62.95) | - | - | **(62.95)** |
| Inter-Corporate Loan received from GIPL | - | 7,851.49 | - | **7,851.49** |
| **Balance as at October 1, 2014 as per IndAS** | **427.39** | **7,851.49** | **1.39** | **8,280.27** |
| Profit for the year | (4,268.45) | - | - | **(4,268.45)** |
| Items that will not be reclassified to profit or loss: | | | | |
| Actuarial gain transferred to OCI | - | - | 0.19 | **0.19** |
| Inter-Corporate Loan received from GIPL | - | 5,622.80 | - | **5,622.80** |
| **Balance as at March 31, 2016** | **(3,841.06)** | **13,474.29** | **1.58** | **9,634.82** |
| Profit for the year | (1,200.68) | - | - | **(1,200.68)** |
| Items that will not be reclassified to profit or loss: | | | | |
| Actuarial loss transferred to OCI | - | - | (1.47) | **(1.47)** |
| Inter-Corporate Loan received from GIPL | - | 4,077.78 | - | **4,077.78** |
| **Balance as at March 31, 2017** | **(5,041.74)** | **17,552.07** | **0.11** | **12,510.44** |

NATVARLAL VEPARI & CO. * CHARTERED ACCOUNTANTS * Mumbai

Vijayawada Gundugolanu Road Project Private Limited

VIJAYAWADA GUNDUGOLANU ROAD PROJECTS PRIVATE LIMITED
CIN: U63032MH2007PTC174100

**Significant Accounting Policies for the year ended March 31, 2017**

1 **Corporate Information**

Vijayawada Gundugolanu Road Projects Pvt Ltd ('VGRPPL') is incorporated under the Companies Act, 1956, on 1st March, 2012, to undertake and carry on the business of Six laning of Vijayawada – Gundugolanu section of NH-5 from km 1076.48 to km 1022.48 including six lane Hanuman Junction Bypass (Length 6.72 km) and four lane Vijayawada Bypass (Length 47.88 km) [Total Length: 103.59 km] in the state of Andhra Pradesh under NHDP Phase V to be executed in BOT (Toll) mode on Design Built Finance Operate and Transfer 'DBFOT' basis ("Project").

In terms of the Concession, the Company is required to pay additional concession fees for collecting the toll on the four lane project. The company is also required to convert the four lanes into six lanes

2 **Significant Accounting Policies**

2.1 **Basis of Preparation**

The financial statements are prepared and comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rule, 2016 and other relevant provisions of the Act.

For all periods upto and including the eighteen months period ended March 31, 2016, the Company has prepared its financial statements in accordance with Companies (Accounting Standards) Rules 2006 notified under the section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (previous GAAP).

The financial statements for the year ended March 31, 2017 are the first period for which the Company has prepared in accordance with Ind AS . The previous period comparatives for the eighteen months period ended March 31, 2016 which were earlier prepared as per previous GAAP have been restated as per Ind AS to make them comparable. The date of transition to Ind AS is therefore October 1, 2014 for which the Opening Balance Sheet is prepared.

The standalone financial statements are presented in INR and all values are rounded to the nearest lacs , except otherwise stated.

The Company has received a notice of termination from NHAI on August 26, 2016. Consequently NHAI took possession of the toll plaza and tolling was suspended by the Company. Accordingly, the company suspended amortization of the Intangible Asset from that date and also stopped accruing interest liability on the deferred payment liability from that date.

Subsequently, as a result of the efforts of the Company and dialogues with top officials of NHAI and MORTH, NHAI has agreed to revoke the termination notice vide letter dated 16th Jan, 2017 and also agreed to handover of Toll plazas subject to completing financial closure and fulfilling other commitments as specified in the letter within the stipulated time frame. Pursuant to the requirements stipulated by NHAI the Company has entered into a binding agreement with Hinduja Realty Ventures for a committed equity participation of 49% in the Project as and when their conditions are satisfied. With the committed equity participation by the Hinduja Realty Ventures, bankers have expressed their willingness to give their respective sanctions , which are under final stages of approval for financial closure of this Project. The management is hopeful of the financial closure of the project and the project being revived.

**Use of estimates**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates,judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the finacial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

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2.2 **Summary of significant accounting policies**

The operating cycle of the business of the Company is twelve months from the reporting date as required by Schedule III to the Companies Act, 2013.

a) **Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

**An asset is current when :**

- It is expected to be realised or intended to be sold or consumed in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is expected to be realised within twelve months after the reporting period, or

It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

**A liability is current when :**

- It is expected to be settled in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) **Property, Plant and Equipment (PPE)**

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price inclusive of taxes, commissioning expenses, etc. upto the date the asset is ready for its intended use.

Significant spares which have a usage period in excess of one year are also considered as part of Property, Plant and Equipment and are depreciated over their useful life.

Decomissioning costs, if any, on Property, Plant and Equipment are estimated at their present value and capitalised as part of such assets.

Borrowing costs on Property, Plant and Equipments are capitalised when the relevant recognition criteria specified in Ind AS 23 Borrowing Costs is met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as per Schedule II of Companies Act, 2013

An item of property, plant and equipment or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) **Intangible assets**

Intangible assets are recorded at the consideration paid for cost of acquisition or development less amortization. The cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use. Intangible assets under development are capitalized only if the Company is able to establish control over such assets and expects future economic benefit will flow to the Company.

Intangible assets are amortised over the concession period from the date of capitalization. The toll concession rights are being amortised over the traffic count projected by the company as per the provisions of the concession agreement.

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Vijayawada Gundugolanu Road Project Private Limited

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Service Concession Agreements - The Company recognises an intangible asset arising from a service concession arrangement to the extent it has a right to charge for use of the concession infrastructure. The fair value, at the time of initial recognition of such an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement, is regarded to be its cost. Subsequent to initial recognition the intangible asset is measure at cost, less any accumulated amortisation and accumulated impairment losses.

d) **Intangible Asset under development**

Intangible asset under development comprises entirely of the cost of 'Project Toll Road' being developed by the Company to be operated on a BOT basis.

Intangible asset under development is stated at cost of development less accumulated impairment losses, if any. Costs include direct costs of development of the project road and costs incidental and related to the development activity. Costs incidental to the development activity, including financing costs on borrowings attributable to development of the project road, are capitalised to the project road till the date of completion of development.

e) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

f) **Impairment Loss**

Assets with an indefinite useful life and goodwill are not amortized/ depreciated and are tested annually for impairment. Assets subject to amortization/depreciation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher between an asset's fair value less sale costs and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest level for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill for which impairment losses have been recognized are tested at each balance sheet date in the event that the loss has reversed.

g) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits in banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within bank borrowings in current liabilities on the balance sheet.

h) **Provisions, Contingent liabilities and Contingent Assets**

**Provisions**

The Company recognizes a provision when it has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

**Contingent liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each balance sheet date.

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Vijayawada Gundugolanu Road Project Private Limited ★

i) **Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

Gratuity, a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year/period on projected Unit Credit Method.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

► The date of the plan amendment or curtailment, and

► The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The current and non-current bifurcation is done as per Actuarial report.

**Termination Benefits**

Termination benefits are payable as a result of the company's decision to terminate employment before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognizes these benefits when it has demonstrably undertaken to terminate current employees' employment in accordance with a formal detailed plan that cannot be withdrawn, or to provide severance indemnities as a result of an offer made to encourage voluntary redundancy. Benefits that will not be paid within 12 months of the balance sheet date are discounted to their present value.

j) **Foreign Currencies**

**Transactions and Balances**

Transactions in foreign currencies are initially recorded in reporting currency by the Company at spot rates at the date of transaction. The Company's functional currency and reporting currency is same i.e. INR.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

k) **Fair Value Measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

► In the principal market for the asset or liability, or

► In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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l) **Financial instruments**

**Initial recognition**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

A **Non-derivative financial instruments**

**Subsequent measurement**

i) **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

iii) **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv) **Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

m) **Revenue Recognition**

The tolling income is recognized on usage and recovery of the usage charge thereon based on the notified toll rates by the Grantor

**Interest Income**

Interest income from financial asset is recognised using effective interest rate method.

n) **Taxes**

**Current Income Tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country.Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

o) **Deferred Tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

NATVARLAL VEPARI & CO. ★ Mumbai ★ CHARTERED ACCOUNTANTS

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

p) **Earning per share**

Earnings per share is calculated by dividing the net profit or loss before OCI for the year by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss before OCI for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q) **Dividend Distribution**

Dividend distribution to the Company's equity holders is recognized as a liability in the Company's annual accounts in the year in which the dividends are approved by the Company's equity holders.

VIJAYAWADA GUNDUGOLANU ROAD PROJECTS PRIVATE LIMITED
CIN: U74990DL2012PTC232205
Notes to Financial Statements for the year ended March 31, 2017
(All the figures are Rupees in lacs unless otherwise stated)

## 3 Property, Plant & Equipment

| Particulars | P&M | Computer | Furniture & Fixture | Office Equipments | Total |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| **As at Oct 1, 2014** | - | 3.72 | 6.61 | 6.32 | 16.65 |
| **Additions** | 79.94 | 115.46 | 0.93 | 0.82 | 197.15 |
| **Sales/Disposals/Adjustments** | - | - | - | - | - |
| **As at 31 March 2016** | **79.94** | **119.19** | **7.54** | **7.14** | **213.80** |
| **Additions** | - | 3.53 | - | - | 3.53 |
| **Sales/Disposals/Adjustments** | - | - | - | - | - |
| **As at March 31, 2017** | **79.94** | **122.71** | **7.54** | **7.14** | **217.32** |
| **Depreciation** | | | | | |
| **As at Oct 1, 2014** | - | 0.76 | 0.30 | 0.05 | 1.11 |
| **Charge for the period** | 6.67 | 60.00 | 1.14 | 2.05 | 69.87 |
| **Sales/Disposals/Adjustments** | - | - | - | - | - |
| **As at 31 March 2016** | **6.67** | **60.76** | **1.44** | **2.11** | **70.98** |
| **Charge for the period** | 6.66 | 39.89 | 0.77 | 1.47 | 48.79 |
| **Sales/Disposals/Adjustments** | - | - | - | - | - |
| **As at March 31, 2017** | **13.33** | **100.65** | **2.22** | **3.58** | **119.77** |
| Net Block | | | | | |
| **As at October 1, 2014** | - | 2.96 | 6.31 | 6.26 | 15.54 |
| **As at 31st March 2016** | **73.26** | **58.43** | **6.10** | **5.03** | **142.81** |
| **As at March 31, 2017** | **66.61** | **22.06** | **5.32** | **3.56** | **97.55** |

## 4 Intangible Assets

| Particulars | Toll Collection Rights | Total |
|---|---|---|
| As at October 1, 2014 | 67,792.45 | 67,792.45 |
| Additions | - | - |
| Sales/Disposals/Adjustments | - | - |
| As at March 31, 2016 | 67,792.45 | 67,792.45 |
| Additions | - | - |
| Sales/Disposals/Adjustments | - | - |
| **As at March 31, 2017** | **67,792.45** | **67,792.45** |
| | | - |
| **Depreciation** | | - |
| As at October 1, 2014 | 62.95 | 62.95 |
| Charge for the period | 1,192.82 | 1,192.82 |
| Sales/Disposals/Adjustments | - | - |
| As at March 31, 2016 | 1,255.77 | 1,255.77 |
| Charge for the period | 366.46 | 366.46 |
| Sales/Disposals/Adjustments | - | - |
| **As at March 31, 2017** | **1,622.23** | **1,622.23** |
| | | - |
| **Net Block** | | - |
| **As at October 1, 2014** | **67,729.50** | **67,729.50** |
| **As at March 31, 2016** | **66,536.68** | **66,536.68** |
| **As at March 31, 2017** | **66,170.22** | **66,170.22** |

Vijayawada Gundugolanu Road Project Private Limited

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

VIJAYAWADA GUNDUGOLANU ROAD PROJECTS PRIVATE LIMITED
CIN: U74990DL2012PTC232205
Notes to Financial Statements for the year ended March 31, 2017
( All the amounts are Rs in lacs unless otherwise stated)

## 5 Intangible Assets under Development

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|
| Concession Fees | 0.00 | 0.00 | 0.00 |
| Contract Expenses - EPC | 2,207.02 | - | - |
| Developer fees | 2,302.72 | 2,302.72 | 2,300.77 |
| Project Expenses | 88.58 | 194.82 | - |
| Finance expenses | - | - | - |
| Interest expense | 145.52 | 145.52 | 145.52 |
| Other finance cost | 1,060.61 | 1,060.61 | 1,060.61 |
| Personnel expenses | 261.79 | 261.79 | 261.79 |
| Depreciation | 0.88 | 0.88 | 0.88 |
| Administration expenses | - | - | - |
| Professional fees | 119.53 | 119.53 | 119.53 |
| Travelling cost | 23.48 | 23.48 | 23.48 |
| Others | 66.98 | 66.98 | 66.98 |
| **Total** | **6,277.12** | **4,176.33** | **3,979.56** |

**Project Details:**

Vijayawada Gundugolanu Road Projects Pvt Ltd ('VGRPPL') is carrying on the Six laning of Vijayawada – Gundugolanu section of NH-5 from km 1076.48 to km 1022.48 including six lane Hanuman Junction Bypass (Length 6.72 km) and four lane Vijayawada Bypass (Length 47.88 km) [Total Length: 103.59 km] in the state of Andhra Pradesh under NHDP Phase V to be executed in BOT (Toll) mode on Design Built Finance Operate and Transfer 'DBFOT' basis ("Project").

**IndAS Basis:**

IND AS 11 Appendix A and Appendix B of "Service Concession Arrangements " is applicable to the Company since the Company is operator of public-to-private service concession arrangements with NHAI

VGRPPL has recognised an intangible asset to the extent that it receives a right (a licence) to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.

Therefore the right to charge the users is recognised as Intangible Asset under development as per the arrangement with the licensor i.e. NHAI

## 6 Financial Assets (Non-current)

### 6.1 Financial Assets - Loans

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at October 1, | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|---|---|---|
| | | Non- Current | | | Current | |
| **Unsecured Considered good:** | | | | | | |
| Deposits | 0.86 | - | - | - | - | - |
| **Dues receivable from Related Parties** | | | | | | |
| RGBL | | | | 5.88 | 4.40 | - |
| GIPL- EPC Mobilisation Advance | | | | 334.32 | - | - |
| Other advances | | | | 0.22 | - | - |
| **Total** | **0.86** | **-** | **-** | **340.42** | **4.40** | **-** |

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS Mumbai

6.2 **Financial Assets - Others**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|---|---|---|
| | | Non - Current | | | Current | |
| **Unsecured Considered good:** | | | | | | |
| Fixed Deposit with bank (under lien) | 1,450.00 | - | - | - | - | - |
| Interest receivable on Fixed Deposit | | | | 32.34 | - | - |
| **Total** | **1,450.00** | **-** | **-** | **32.34** | **-** | **-** |

The Fixed Deposit is kept under lien against guarantee given to National Highway Authority of India (NHAI)

6.3 **Cash and cash equivalents**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|---|---|---|
| | | Non - current | | | Current | |
| **Balances with banks :** | | | | | | |
| Balances with scheduled banks in current account | | | | 18.55 | 1,975.06 | 644.15 |
| Cash on hand | | | | - | 23.35 | 19.87 |
| **Total** | **-** | **-** | **-** | **18.55** | **1,998.41** | **664.02** |

(a) **Disclosure of Specified Bank Notes (SBNs)**

The company has deposited any Specified Bank Notes (SBNs) as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 during the period from 8th November 2016 to 30th December 2016. The denomination wise other notes as per the notification is given below:

**( Rs in full figures)**

| Particulars | SBNs(*) | Other Denomination Notes | Total |
|---|---|---|---|
| Closing cash on hand as on 08 Nov | 200,000 | 1,724 | 201,724 |
| (+) Non Permitted receipts | - | - | - |
| (+) Permitted receipts | - | 300,000 | 300,000 |
| (-) Permitted payments | - | 279,714 | 279,714 |
| (-) Amounts Deposited in Banks | 200,000 | - | 200,000 |
| **Closing cash on hand as on 30 Dec 2016** | **-** | **22,010** | **22,010** |

* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, Ministry of Finance, Department of Economic Affairs number S.O. 3407 ( E ), dated 8th November, 2016.

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Vijayawada Gundugolanu Road Project Private Limited

7 **Other Assets**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|---|---|---|
| | | Non - Current | | | Current | |
| Advance taxes (net of provision) | 13.15 | 5.49 | - | - | - | - |
| EPC Advance given to contractor - GIPL | - | 3,960.00 | - | - | - | - |
| Mob Advance given to contractor - GIPL | 13,609.49 | 5,414.79 | 4,991.85 | | - | - |
| Mob Advance given to contractor - Simplex | 1,000.00 | - | - | - | - | - |
| Other loans and advances | 18.31 | 2.06 | 1.81 | - | - | - |
| Prepaid expenses | - | - | - | 93.09 | 90.04 | - |
| Statutory & Other receivables | - | - | - | - | 0.01 | 16.68 |
| **Total** | **14,640.95** | **9,382.35** | **4,993.67** | **93.09** | **90.05** | **16.68** |

8 **Inventories**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|---|---|---|
| | | Non - Current | | | Current | |
| Inventories | - | - | - | - | - | 0.83 |
| **Total** | - | - | - | - | - | **0.83** |

Valuation :- Inventories are carried at lower of cost or Market Value and the cost is calculated on FIFO method

9 **Equity Share Capital**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|
| **Authorised Shares:**<br>March 31, 2017:- 10,00,00,000 equity shares Rs 10/- each<br>March 31, 2016:- 10,00,00,000 equity shares Rs 10/- each<br>October 1, 2014:- 10,00,00,000 equity shares Rs 10/- each | 10,000.00 | 10,000.00 | 10,000.00 |
| **Issued, Subscribed & Paid-up:**<br>March 31, 2017:- 10,000 equity shares of Rs.10/- each<br>March 31, 2016:- 10,000 equity shares of Rs.10/- each<br>October 1, 2014:- 10,000 equity shares of Rs.10/- each | 1.00 | 1.00 | 1.00 |

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i Reconciliation of the equity shares outstanding at the beginning and at the end of the period

| Particulars | As at March 31, 2017 Number | As at March 31, 2017 Amount | As at March 31, 2016 Number | As at March 31, 2016 Amount | As at October 1, 2014 Number | As at October 1, 2014 Amount |
|---|---|---|---|---|---|---|
| Balance at beginning of the period | 10,000.00 | 1.00 | 10,000.00 | 1.00 | 10,000.00 | 1.00 |
| Issued during the period | - | - | - | - | - | - |
| **Balance at end of the period** | **10,000.00** | **1.00** | **10,000.00** | **1.00** | **10,000.00** | **1.00** |

ii **Terms/rights attached to equity shares:**
The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii **Details of registered shareholders holding more than 5% equity shares in the Company:**

| Particulars | As at March 31, 2017 Number | As at March 31, 2017 % of holding | As at March 31, 2016 Number | As at March 31, 2016 % of holding | As at October 1, 2014 Number | As at October 1, 2014 % of holding |
|---|---|---|---|---|---|---|
| **Equity shares of Rs 10 each paid up** | | | | | | |
| Gammon Infrastructure Projects | 10,000 | 100% | 10,000 | 100% | 10,000 | 100% |
| **Total** | **10,000** | **100%** | **10,000** | **100%** | **10,000** | **100%** |

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of the shares.

10 **Other Equity**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|
| **Capital Contribution** | | | |
| Inter-Corporate Loan received | 17,552.07 | 13,474.29 | 7,851.49 |
| **Retained Earnings** | (5,041.74) | (3,841.06) | 427.39 |
| **Other Reserves** | | | |
| Other Comprehensive Income (OCI) | 0.11 | 1.58 | 1.39 |
| **Total** | **12,510.44** | **9,634.82** | **8,280.27** |

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11 **Financial Liabilities**

11.1 Other Financial Liabilities

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|---|---|---|
| | | Non - current | | | Current | |
| Deferred Payment liability (Additional Concession fees)(*) | 72,875.76 | 65,042.61 | 61,915.52 | - | 6,850.83 | 5,876.94 |
| Advance against shares | - | - | - | - | - | 999.00 |
| Other liabilities | - | - | - | 2,200.06 | 461.82 | 41.75 |
| **Dues to Related parties towards capital expenditure:** | - | - | - | - | - | - |
| Gammon Infrastructure Projects Limited | - | - | - | 1,309.66 | 37.89 | 255.33 |
| Birmitrapur Barkote Highway Pvt Ltd | - | - | - | 3.62 | 3.62 | 3.62 |
| **Total** | **72,875.76** | **65,042.61** | **61,915.52** | **3,513.35** | **7,354.16** | **7,176.64** |

(*) The deferred payment liability has been shown as non-current on account of the present status of the project being in abeyance

12 **Provisions**

| **Particulars** | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|---|---|---|
| | | Non - current | | | Current | |
| Provision for gratuity | 6.03 | 2.92 | 0.81 | 0.18 | 0.10 | 1.14 |
| Provision for leave encashment | 21.12 | 6.40 | 2.86 | 0.63 | 1.31 | 6.32 |
| Provision for bonus | 0.25 | - | - | - | - | - |
| **Total** | **27.40** | **9.31** | **3.68** | **0.81** | **1.41** | **7.46** |

**Disclosure in accordance with Ind AS – 19 "Employee Benefits", of the Companies (Indian Accounting Standards) Rules, 2015.**

a) **Gratuity:**

The company has carried out the actuarial valuation of Gratuity and Leave Encashment liability under actuarial principle, in accordance with Ind AS 19 - Employee Benefits.

Gratuity is a defined benefit plan under which employees who have completed five years or more of service are entitled to gratuity on departure from employment at an amount equivalent to 15 days salary (based on last drawn salary) for each completed year of service. The Company's gratuity liability is unfunded.

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I The amount recognised in he balance sheet and the movements in the net defined benefit obligation ( Gratuity) over the year is

| | Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|---|
| (a) | Reconciliation of opening and closing balances of Defined | | |
| | Defined Benefit obligation at the | 3.02 | 1.94 |
| | Current Service Cost | 1.49 | 1.01 |
| | Interest Cost | 0.22 | 0.26 |
| | Actuarial (Gain) /Loss | 1.47 | (0.19) |
| | Past employees Service | | |
| | Benefits paid | | |
| | **Defined Benefit obligation at the** | **6.21** | **3.02** |
| (b) | Reconciliation of opening and closing balances of fair value of | | |
| | Fair Value of plan assets at the | - | - |
| | Expected return on Plan Assets | | |
| | Actuarial Gain/ (Loss) | | |
| | Employer Contribution | | |
| | Benefits Paid | | |
| | Fair Value of Plan Assets at the year end | | |
| | **Actual Return on Plan Assets** | - | - |
| (c) | Reconciliation of fair value of | | |
| | Fair Value of Plan Assets | - | - |
| | Present value of Defined Benefit obligation | 6.21 | 3.02 |
| | **Liability recognized in Balance** | **6.21** | **3.02** |
| (d) | Expenses recognized during the year ( Under the head " Employees | | |
| | Current Service Cost | 1.49 | 1.01 |
| | Interest Cost | 0.22 | 0.26 |
| | Expected Rate of return on Plan Assets | | |
| | Past employees Service | | |
| | **Net Cost** | **1.72** | **1.27** |
| | **Remeasurements** | | |
| | 1. Return on Plan Assets above Interest Income | | |
| | 2. Net Actuarial (Gain)/Loss in the year | 1.47 | (0.19) |
| | Transfer to other Comprehensive Income (OCI) | **1.47** | **(0.19)** |

II **Actuarial assumptions**

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| **Mortality Table (LIC)** | **Gratuity 2006-08 (Ultimate)** | **Gratuity 2006-08 (Ultimate)** |
| Discount rate (per annum) | 7.50% | 7.75% |
| Expected rate of return on Plan assets (per annum) | NA | NA |
| Rate of escalation in salary (per annum) | 5.5% | 5% |
| Withdrawal rate: | | |
| - upto age of 34 | 3.00% | 3.00% |
| - upto age of 35-44 | 2.00% | 2.00% |
| - upto age 45 & above | 1.00% | 1.00% |
| Retirement age | 60 years | 60 years |

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The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

There is no minimum funding requiremnt for a gratuity plan in india and there is no compulsion on the part of the company fully or partialy pre-fund the liabilities under the plan.Since the liabilites are un funded there is no asset liability matching strategy devised for the plan

III **Sensitivity analysis**

A quantitative Sensitivity analysis for significant assumption as at 31 st march 2017 and 31st March 2016 is as follows

| | Discount rate | Salary growth rate |
|---|---|---|
| **Change in assumption** | | |
| March 31, 2017 | 1% | 1% |
| March 31, 2016 | 1% | 1% |
| **Increase in assumption** | | |
| March 31, 2017 | (76,134) | 91,895 |
| March 31, 2016 | (36,442) | 44,316 |
| **Decrease in assumption** | | |
| March 31, 2017 | 90,960 | (78,129) |
| March 31, 2016 | 43,530 | (37,641) |

**The following payments are expected contributions to defined benefits plan is future years**

IV

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| Within next 12 months | - | - |
| Between 2-5 years | - | - |
| Between 5 - 10 years | - | - |
| **Total expected payments** | - | - |

V **Experience adjustment**

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| Experience adjustment on Plan Liability | 101,888 | (95,270) |

13 **Deferred Tax Liabilities**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|
| Deferred Tax Liability on account of : | | | |
| - Depreciation | - | - | - |
| Deferred Tax Asset on account of : | | | |
| - Unabsobed losses | - | - | - |
| **Net Deferred Tax Liabilities** | - | - | - |

The deferred tax liability and asset have been reversed on account of the retrospective application of the Service Concession Agreement, accounting as per Ind AS 11

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## 14 Trade Payables

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|---|---|---|
| | | Non - current | | | Current | |
| Trade Payables | | | | | | |
| - Micro, Small and Medium Enterprises | - | - | - | - | - | - |
| - Other | - | - | - | 192.33 | 200.64 | 7.19 |
| **Total** | **-** | **-** | **-** | **192.33** | **200.64** | **7.19** |

**Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

As per the information available with the Company, there are no micro, small, and medium enterprises, as defined in the Micro, Small, and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal or interest.

The above information regarding micro, small, and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

## 14.1 Other Liabilities

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 | As at March 31, 2017 | As at March 31, 2016 | As at October 1, 2014 |
|---|---|---|---|---|---|---|
| | | Non - current | | | Current | |
| Duties and Taxes payable | - | - | - | - | 87.09 | 0.03 |
| Provision for tax (net of taxes) | - | - | - | - | - | 8.00 |
| **Total** | **-** | **-** | **-** | **-** | **87.09** | **8.03** |

## 15.1 Revenue from operations

| Particulars | | For 12 months ended March 31, 2017 | For 18 months ended March 31, 2016 |
|---|---|---|---|
| Toll Revenue | | 3,505.98 | 12,406.27 |
| Income from Maintenance | | - | 552.58 |
| Revenue on construction | | 2,100.79 | 196.76 |
| **Total** | **-** | **5,606.77** | **13,155.61** |

In accordance with the principles in Appendix A to Ind AS 11 relating to accounting for Service Concession Agreements, the company has started recognizing construction revenue in its Statement of Profit & Loss. The construction service being rendered for eventual tolling operations to be carried out by the company itself, the management has recognized the same at cost plus margin

The toll collection till August 26, 2016 has been recognized as Toll revenue.( Refer Note 36)

I Disclosures as required by Appendix B of Ind AS 11 relating to "Service Concession Arrangements: Disclosures"

**(a) Description of the Arrangement along with salient features of the project:**

The Company has undertaken to carry on the project of Six laning of Vijayawada – Gundugolanu section of NH-5 from km 1076.48 to km 1022.48 including six lane Hanuman Junction Bypass (Length 6.72 km) and four lane Vijayawada Bypass (Length 47.88 km) [Total Length: 103.59 km] in the state of Andhra Pradesh under NHDP Phase V to be executed in BOT (Toll) mode on Design Built Finance Operate and Transfer 'DBFOT' basis ("Project"). In terms of the Concession, the Company is required to pay additional concession fees for collecting the toll on the four lane project. The company is also required to convert the four lanes into six lanes. The Company in exchange for the construction and maintainance of the road acquires the right to collect toll from the user of the facility and the Grantor controls the toll rates under the Concession agreement. The collection of the revenue will depend upon the traffic on the facility and also the rates determined by the grantor. The Concession is granted for a total period of 30 years. The tolling rates are re-set at regular intervals based on the changes in the wholesale price index. The traffic projections are based on the traffic study before the grant of the concession.

**(b) Obligations of Operations and maintenance**

The Company is required to carry out operations and maintenance on the road annually with an obligation to carry out Period maintenance in terms of the Concession at regular intervals.

**(c ) Changes to the Concession during the period**

The Company has received a notice of termination from NHAI on August 26, 2016. Consequently NHAI took possession of the toll plaza and tolling was suspended by the Company. Accordingly, the company suspended amortization of the Intangible Asset from that date and also stopped accruing interest liability on the deferred payment liability from that date.

Subsequently, as a result of the efforts of the Company and dialogues with top officials of NHAI and MORTH, NHAI has agreed to revoke the termination notice vide letter dated 16th Jan, 2017 and also agreed to handover of Toll plazas subject to completing financial closure and fulfilling other commitments as specified in the letter within the stipulated time frame. Pursuant to the requirements stipulated by NHAI the Company has entered into a binding agreement with Hinduja Realty Ventures for a committed equity participation of 49% in the Project as and when their conditions are satisfied. With the committed equity participation by the Hinduja Realty Ventures, bankers have expressed their willingness to give their respective sanctions , which are under final stages of approval for financial closure of this Project. The management is hopeful of the financial closure of the project and the project being revived.

**(d) Classification of the Concession**

The Company has applied the principles enumerated in Appendix A of Ind AS – 11 titled "Service Concession Arrangement" and has classified the arrangement as a tolling arrangement resulting in recognition of an Intangible Asset. Revenue is recognised during the construction period as revenue from construction services with the corresponding debit to Intangible assets under development. Revenue is recognised on cost plus margin basis.

**(e ) Recognition of Construction services revenue and costs:**

The Company has recognised the following Revenue and costs from construction services.

| Particulars | 12 month period ended March 31, 2017 | 18 month period ended March 31, 2016 |
|---|---|---|
| Revenue | 2,100.79 | 196.76 |
| Costs | 2,079.99 | 194.82 |
| Margin earned | 20.80 | 1.95 |

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## 16 Other Income

| Particulars | For 12 months ended March 31, 2017 | For 18 months ended March 31, 2016 |
|---|---|---|
| Interest Income | 76.56 | 0.12 |
| Sundry Balances written back | 50.66 | 6.20 |
| Profit on sale of investments | - | 28.17 |
| Other Income | 1.40 | - |
| **Total** | **128.61** | **34.49** |

## 17 Construction Cost

| Particulars | For 12 months ended March 31, 2017 | For 18 months ended March 31, 2016 |
|---|---|---|
| Sub-Contracting Expenses | 2,079.99 | 194.82 |
| **Total** | **2,079.99** | **194.82** |

## 18 Tolling and Maintenance Expenses

| Particulars | For 12 months ended March 31, 2017 | For 18 months ended March 31, 2016 |
|---|---|---|
| Sub-Contractor Expenses (Change of Scope) | 43.79 | 531.88 |
| Tolling Expenses | 90.23 | 452.76 |
| Maintenance Expenses | 45.16 | 1,335.45 |
| **Total** | **179.17** | **2,320.08** |

## 19 Personnel Expenses

| Particulars | For 12 months ended March 31, 2017 | For 18 months ended March 31, 2016 |
|---|---|---|
| Salaries, wages and bonus | 238.85 | 246.44 |
| Contribution to Provident fund | 11.45 | 0.02 |
| Leave Encashment , LTA, Exgratia etc | 15.77 | 3.57 |
| **Total** | **266.07** | **250.03** |

## 20 Finance Cost

| Particulars | For 12 months ended March 31, 2017 | For 18 months ended March 31, 2016 |
|---|---|---|
| Interest expenses | 306.19 | 8.69 |
| Interest on Deferred liability payment | 3,601.76 | 13,000.34 |
| **Total** | **3,907.95** | **13,009.03** |

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21 **Depreciation & Amortization**

| Particulars | For 12 months ended March 31, 2017 | For 18 months ended March 31, 2016 |
|---|---|---|
| Depreciation | 48.79 | 69.87 |
| Amortization ( Refer Note 36) | 366.46 | 1,192.82 |
| **Total** | **415.25** | **1,262.69** |

22 **Other Expenses**

| Particulars | For 12 months ended March 31, 2017 | For 18 months ended March 31, 2016 |
|---|---|---|
| Professional fees | 13.09 | 169.33 |
| Printing and Stationary | 1.10 | 0.06 |
| Travelling Expenses | 21.66 | 5.25 |
| Hire of Motor Car | 4.21 | 0.16 |
| Computer Expenses | 0.33 | 0.22 |
| Rent Expenses | 1.05 | 1.21 |
| Fuel & Lube Expenses | 0.72 | - |
| Insurance Expenses | 0.55 | 0.15 |
| Advertisement expenses | 1.88 | 2.25 |
| ROC fees | 0.17 | 0.20 |
| Bank Charges | 0.51 | 0.13 |
| Bank guarantee commission | - | 123.06 |
| **Payment to Auditor :** | | |
| for audit fees including Tax audit | 4.50 | 4.68 |
| for other matters and certification | - | 1.04 |
| Other Miscelleneous Expenses | 37.88 | 3.17 |
| **Total** | **87.63** | **310.90** |

23 **Tax Expenses**

**Reconciliation of statutory rate of tax and effective rate of tax:**

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| Current taxes | - | 111.00 |
| Deferred taxes | - | - |
| | - | 111.00 |
| Accounting profit before income | - | (4,157.45) |
| Accounting profit before income | (1,200.68) | 566.11 |
| Enacted tax rates in India (%) | 30.90% | 30.90% |
| Computed expected tax expenses | 0.00 | 174.93 |
| Effects of deductable Expenses | 0.00 | (174.93) |
| **Income tax expenses - Net** | **0.00** | **0.00** |
| Minimum Alternate Tax rate-115JB | 20.01% | 20.01% |
| Computed tax liability on book | 0.00 | 111.00 |
| **Minimum Alternate Tax on Book** | **0.00** | **111.00** |
| **Deferred Tax** | - | - |

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24 **Earnings per share ('EPS')**

**Net Profit / (loss) attributable to equity shareholders and the weighted number of shares outstanding for basic and diluted earnings per share are as summarised below:**

| **Particulars** | **For 12 months ended March 31, 2017** | **For 18 months ended March 31, 2016** |
|---|---|---|
| Profit during the year | (1,200.68) | (4,268.45) |
| Outstanding number of equity shares (Nos.) | 10,000 | 10,000 |
| Weighted average number of equity shares in calculated EPS (Nos) | 10,000 | 10,000 |
| Nominal value of equity share | 10.00 | 10.00 |
| Basic EPS | (12,006.81) | (42,684.49) |
| Diluted EPS | (12,006.81) | (42,684.49) |

**Reconciliation of weighted number of outstanding during the period:**

| **Particulars** | **12 months period ended March 31, 2017** | **12 months period ended March 31, 2016** |
|---|---|---|
| Nominal Value of Equity Shares (Rs per share) | 10.00 | 10.00 |
| **For Basic EPS :** | | |
| Total number of equity shares outstanding at the beginning of the period | 10,000 | 10,000 |
| Add : Issue of Equity Shares | - | - |
| Total number of equity shares outstanding at the end of the period | 10,000 | 10,000 |
| Weighted average number of equity shares at the end of the period | 10,000 | 10,000 |

Company has not issued any instrument which will dilute the earnings to equity shareholders, therefore Basic EPS and Diluted EPS both are the same.

25 **Capital and other commitments**

In view of the project being in abeyance, the capital commitment is shown as Nil

26 **Disclosure in accordance with Ind AS – 108 "Operating Segments", of the Companies (Indian Accounting Standards) Rules, 2015.**

The Company's operations comprise only a single business and geographical segment, namely 'Infrastructure Development' in 'India'. Further, the Company's operations are within single geographical segment which is India. As such, there is no separate reportable segment under Ind AS - 108 on Operating Segments.

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27 **Disclosure in accordance with Ind AS - 24 "Related Party Disclosures", of the Companies ( Indian Accounting Standards) Rules, 2015 as per statement 1 attached**

**Related party transactions**

**a) Names of the related parties and related party relationships**

**Related parties where control exists :**

Gammon Infrastructure Projects Limited - holding Company

**Fellow subsidiaries & Others:**

Birmitrapur Barkote Highways Pvt Ltd

Rajahmundry Godavari Bridge Limited

**b) Related party transactions**

| Transactions | Entities where control exists | Fellow subsidiaries & others |
|---|---|---|
| **Maintenance expense incurred** | | |
| Gammon Infrastructure Projects Limited | 2,186.22 | - |
| | (718.16) | - |
| *( IGAAP transaction Value)* | | |
| **Finance Received** | | |
| Gammon Infrastructure Projects Limited | 9,172.78 | - |
| | (6,062.80) | - |
| *( IGAAP transaction Value)* | | |
| **Finance Refunded** | | |
| Gammon Infrastructure Projects Limited | 5,095.00 | - |
| | (440.00) | - |
| *( IGAAP transaction Value)* | | |
| **Expenses incurred on behalf of the Company :** | | |
| Gammon Infrastructure Projects Ltd. | 283.34 | - |
| | (587.93) | - |
| Rajahmundry Godavari Bridge Limited | | 2.54 |
| | | (4.40) |
| *( IGAAP transaction Value)* | | |
| **Repayment of expenses incurred on behalf of us:** | | |
| Gammon Infrastructure Projects Ltd. | 1,585.12 | 1.06 |
| | (790.37) | - |
| *( IGAAP transaction Value)* | | |
| **Mobilisation advance paid:** | | |
| Gammon Infrastructure Projects Ltd. | 3,234.69 | - |
| | (422.94) | - |
| *( IGAAP transaction Value)* | | |
| **EPC advance paid:** | | |
| Gammon Infrastructure Projects Ltd. | 334.32 | - |
| | (3,960.00) | - |
| *( IGAAP transaction Value)* | | |
| **Deposit for Directorship paid :** | | |
| Gammon Infrastructure Projects Ltd. | 2.00 | |
| | (1.00) | |
| *( IGAAP transaction Value)* | | |
| **Outstanding balance Receivable** | | |
| Rajahmundry Godavari Bridge Limited | - | 5.88 |
| | - | (4.40) |
| *( IGAAP transaction Value)* | | |
| **Outstanding balance payable** | | |
| Birmitrapur Barkote Highways Pvt Ltd | - | 3.62 |
| | - | (3.62) |
| Gammon Infrastructure Projects Ltd. | 4,252.24 | - |
| | (4,137.38) | - |
| *( IGAAP transaction Value)* | | |

(Previous period's figure in brackets)

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28 **Derivative Instruments and Unhedged Foreign Currency Exposure**

There are no derivative instruments outstanding as on March 31, 2017 and as on March 31, 2016. The Company has no foreign currency exposure towards liability outstanding as on March 31, 2017 and as on March 31, 2016.

29 **Significant Accounting judgements, estimates & assumptions**

The financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainity about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods .

**Judgements**

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the separate financial statements.

**Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

30 **First-time adoption of Ind AS**

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the eighteen months period ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March, 2017, together with the comparative period data as at and for the eighteen months period ended 31 March, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 October, 2014, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 October, 2014 and the financial statements as at and for the eighteen months period ended 31 March, 2016.

The company has not availed of any exemption under Ind AS 101

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Vijayawada Gundugolanu Road ... Private Limited ★

## 31 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment', respectively. The amendments are applicable to the Company from April 1, 2017.

**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

**Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment ransaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

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Project Private Limited

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VIJAYAWADA GUNDUGOLANU ROAD PROJECTS PRIVATE LIMITED
CIN: U74990DL2012PTC232205

32 Effect of IND AS adoption :

A Effect of IND AS adoption on the Balance Sheet as on March 31 ,2016 and October 1, 2014

(Rs. In lacs)

| Particulars | Note Ref | As at March 31, 2016 Previous GAAP | As at March 31, 2016 Effect of Transition to IND AS | As at March 31, 2016 IND AS | As at October 1, 2014 Previous GAAP | As at October 1, 2014 Effect of Transition to IND AS | As at October 1, 2014 IND AS |
|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | |
| (a) Property, Plant and Equipment | | 142.81 | - | 142.81 | 15.54 | - | 15.54 |
| (b) Other Intangible assets | (a), (b) | 379,883.95 | (313,347.26) | 66,536.68 | 389,953.43 | (322,223.93) | 67,729.50 |
| (c) Intangible Assets Under Development | (c) | 4,146.92 | 29.41 | 4,176.33 | 3,952.10 | 27.46 | 3,979.56 |
| (d) Financial Assets | | | | | | | |
| (e) Other Non-current assets | | 9,382.35 | - | 9,382.35 | 4,993.67 | - | 4,993.67 |
| **Total Non-current Assets (A)** | | **393,556.03** | **(313,317.86)** | **80,238.17** | **398,914.74** | **(322,196.47)** | **76,718.27** |
| **Current Assets** | | | | | | | |
| (a) Inventories | | - | - | - | 0.83 | - | 0.83 |
| (b) Financial Assets | | | | | | | |
| (i) Cash and cash equivalents | | 1,998.41 | - | 1,998.41 | 664.02 | - | 664.02 |
| (ii) Loans | | 4.40 | - | 4.40 | - | - | - |
| (iii) Others | | - | - | - | - | - | - |
| (c) Other current assets | | 90.05 | - | 90.05 | 16.68 | - | 16.68 |
| **Total Current Assets (B)** | | **2,092.85** | - | **2,092.85** | **681.53** | - | **681.53** |
| **Total Assets (A + B)** | | **395,648.88** | **(313,317.86)** | **82,331.03** | **399,596.26** | **(322,196.47)** | **77,399.79** |
| **EQUITY & LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| (a) Equity Share capital | | 1.00 | - | 1.00 | 1.00 | - | 1.00 |
| (b) Other Equity | (a) to (f) | 13,251.30 | (3,616.48) | 9,634.82 | 7,800.20 | 480.07 | 8,280.27 |
| **Total Equity (A)** | | **13,252.30** | (3,616.48) | **9,635.82** | **7,801.20** | 480.07 | **8,281.27** |
| **Liabilities** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| (a) Financial Liabilities | | | | | | | |
| (i) Other financial liabilities | (a) | 374,706.76 | (309,664.16) | 65,042.61 | 384,580.02 | (322,664.50) | 61,915.52 |
| (b) Provisions | (f) | 8.44 | 0.87 | 9.31 | 3.68 | - | 3.68 |
| (c) Deferred tax liabilities (Net) | (b) | 37.77 | (37.77) | - | 12.04 | (12.04) | - |
| **Total Non- current liabilities (B)** | | **374,752.97** | **(309,701.05)** | **65,051.92** | **384,595.74** | **(322,676.54)** | **61,919.19** |
| **Current liabilities** | | | | | | | |
| (a) Financial Liabilities | | | | | | | |
| (i) Trade payables | | 200.64 | - | 200.64 | 7.19 | - | 7.19 |
| (ii) Other financial liabilities | | 7,354.16 | - | 7,354.16 | 7,176.64 | - | 7,176.64 |
| (b) Other current liabilities | | 87.09 | - | 87.09 | 8.03 | - | 8.03 |
| (c) Provisions | (f) | 1.73 | (0.32) | 1.41 | 7.46 | - | 7.46 |
| **Total Current liabilities (C )** | | **7,643.61** | (0.32) | **7,643.29** | **7,199.32** | - | **7,199.32** |
| **Total Equity and Liabilities (A+B+C)** | | **395,648.88** | **(313,317.86)** | **82,331.03** | **399,596.26** | **(322,196.47)** | **77,399.79** |

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Effect of IND AS adoption on the Statement of Profit & Loss Account for the eighteen months period ended March 31, 2016

B

(Rs. In lacs)

| | Particulars | Note Ref | Previous GAAP (Rs.in lacs) | Effect of Transition to IND AS (Rs.in lacs) | IND AS (Rs.in lacs) |
|---|---|---|---|---|---|
| I | **Revenue from Operations ( Gross):** | | | | |
| a) | Revenue from Operations | (c) | 12,958.85 | 196.76 | 13,155.61 |
| | **Revenue from Operations** | | **12,958.85** | **196.76** | **13,155.61** |
| II | Other Income: | | 34.49 | - | 34.49 |
| III | **Total Revenue (I + II )** | | **12,993.34** | **196.76** | **13,190.10** |
| IV | **Expenses:** | | | | |
| | Construction Cost | (c) | - | 194.82 | 194.82 |
| | Tolling and Maintenance Expenses | | 2,320.08 | - | 2,320.08 |
| | Personnel Expenses | (f) | 249.29 | 0.74 | 250.03 |
| | Finance Expenses | (d) | 8.82 | 13,000.22 | 13,009.03 |
| | Depreciation & amortization | (b) | 10,139.36 | (8,876.67) | 1,262.69 |
| | Other Expenses | | 310.77 | 0.13 | 310.90 |
| | **Total Expenses** | | **13,028.32** | **4,319.23** | **17,347.55** |
| V | **Profit Before Tax (VII-VIII)** | | **(34.98)** | **(4,122.47)** | **(4,157.45)** |
| VI | Tax Expense | | | | |
| | *1. Current Tax* | | 111.00 | - | 111.00 |
| | *3. Deferred Tax Liability / (asset)* | | 25.72 | (25.72) | (0.00) |
| VII | **Profit for the period ( XIV+XI)** | | **(171.70)** | **(4,096.74)** | **(4,268.45)** |
| VIII | **Other Comprehensive Income** | | | | |
| | Remeasurement of defined benefit plans | | - | 0.19 | 0.19 |
| IX | **Total Comprehensive Income** | | **(171.70)** | **(4,096.55)** | **(4,268.26)** |

**C Reconciliation of Total Equity**

(Rs. In lacs)

| Particulars | Note Ref. | As on March 31, 2016 | As on October 1, 2014 |
|---|---|---|---|
| **Total equity / shareholders' funds under previous GAAP** | | **(221.99)** | **(50.29)** |
| **Adjustments on account of Ind AS** | | | |
| Construction margin | (c) | 29.41 | 27.46 |
| Reversal of Deferred Tax Liability | (b) | 37.77 | 12.04 |
| Reversal of amortization | (b) | 10,573.01 | 503.52 |
| Amortization based on traffic count | (b) | (1,255.77) | (62.95) |
| Interest on deferred payment liability | (d) | (13,000.34) | - |
| Other comprehensive income | (f) | 1.58 | 1.39 |
| Actuarial Gain / Loss on Gratuity Valuation | (f) | (1.58) | (1.39) |
| Others effects | (f) | (0.55) | - |
| Unseucred loan from GIPL considered as capital | (e) | 13,474.29 | 7,851.49 |
| **Total adjusted equity** | | **9,635.81** | **8,281.27** |
| **Total equity under Ind AS** | | **9,635.82** | **8,281.27** |
| **Control total** | | - | - |

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**D Notes to effect of First Time Adoption**

(a) The liability under the previous GAAP on initial recognition was recognized at gross levels. Under Ind AS, the same are recognized at their Net Present Value (NPV). On account of this there is a reversal as on October 1, 2014 at Rs.3,22,664.50 lacs from Intangible Asset and Deferred Payment Liability

(b) On application of INDAS 11 and reversal if Intabible as mentioned in (a) above , there is reversal in amortization of Intangible Asset by Rs 440.57 lacs as on October 1, 2014 and Rs.9,317.23 lacs for the eighteen months ended March 31, 2016 . The Company has also reversed its deferred tax liability as on October 1 ,2014 amounting to Rs 12.04 lacs and Rs 37.77 lacs as on March 31, 2016

(c) Construction Margin is booked on the EPC cost. Intangible under Development and revenue have been increased to that extent as per IndAS 11

(d) The Company has made a provision for finance cost of Rs.13,000.34 lacs on the liability initially recognized by application of Ind AS 37

(e) The Company has classified the loan from shareholder as Quasi Equity as per Ind AS 32 and the same is shown as part of Other Equity

(f) Under Ind AS, remeasurement .i.e. actuarial gain and losses and the return on plan assets, excluding amount included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Accordingly 1.39 lacs has been adjusted in other comprehensive income from retained earnings as at October 01, 2014. The adjustment for the year ended March 31, 2016 is 0.19 lacs .As a result of this change, the retained earnings as at October 01, 2014 and profit for the year ended March 31, 2016 has been adjusted. There is no impact on the total equity as at 31 March 2016.

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Vijayawada Gundugolanu Road Project Private Limited

33 **Financial Instruments**

The carrying value and fair value of financial instruments by categories as at March 31, 2017, March 31, 2016 and October 1, 2014 is as follows:

| Particulars | Carrying value March 31, 2017 | March 31, 2016 | October 1, 2014 | Fair Value March 31, 2017 | March 31, 2016 | October 1, 2014 |
|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | |
| **Amortized Cost** | | | | | | |
| Loans and advances | 341.27 | 4.40 | - | 341.27 | 4.40 | - |
| Cash and bank balances | 18.55 | 1,998.41 | 664.02 | 18.55 | 1,998.41 | 664.02 |
| Others | 1,482.34 | - | - | 1,482.34 | - | - |
| **Financial Liabilities** | | | | | | |
| **Amortized cost** | | | | | | |
| Long term borrowings | - | - | - | - | - | - |
| Short term borrowings | - | - | - | - | - | - |
| Trade payable | 192.33 | 200.64 | 7.19 | 192.33 | 200.64 | 7.19 |
| Others | 76,389.11 | 72,396.77 | 69,092.16 | 76,389.11 | 72,396.77 | 69,092.16 |

The management assessed that fair value of cash , Loans and advances , trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

34 **Fair value hierarchy**

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**i) Recognised and measure at fair**

The Company has recognised the outstanding financial instrument as on March 31, 2017 , March 31, 2016 and October 1, 2014 at fair value.

**ii) Measure at amortized cost for which fair value is disclosed.**

The Company has determined fair value of all its financial instuments measured at amortized cost by using Level 3 inputs.

**The following methods and assumptions were used to estimate the fair values:**

i) Long-term fixed-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

ii) The fair value of loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The valuation requires management to use unobservable inputs in the model, Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

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35 **Financial risk management**

**Financial risk factors**

The Company is in the business of infrastructure development and it undertakes projects in infrastructure sector. The nature of the business is complex and the Company is exposed to sector specific and generic risks. PPP projects which the Company undertakes are capital intensive and have gestation periods ranging between 3 to 5 years; coupled with longer ownership periods of 15 to 35 years. Given the nature of the segment in which the company operate it is critical to have a robust, effective and agile Risk Management Framework to ensure that the Company's operational objectives are met and continues to deliver sustainable business performance. Over the years, several initiatives have been taken by the Company to strengthen its risk management process. An enterprise wide comprehensive risk management policy including risk appetite, tolerance and risk limits for more effective, informed and measurable risk management has been developed and it continues to evolve. The Company consciously engages with third party EPC contractors apart from its parent company as a part of its risk diversification process. The Company has an established process to study the risk profiles of potential vendors and contractors and an internal vendor risk rating mechanism is in place. This is to ensure smooth construction of projects and to avoid risks due to any third party dependencies. The review mechanism of all the projects, which your company undertakes at multiple stages from construction to implementation, is also being streamlined and strengthened. The Company understands the Risk environment encompassing its business and has an enterprise risk management framework in place for identification, assessment, mitigation and monitoring of various risks.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and interest rate risk, regulatory risk and business risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is interest rate risk.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

**Market Risk**

Business/ Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

One of the first and foremost business risk is the achievement of the traffic projections made at the time of the bid. This will include the introduction of alternate roads by the state or central government which impacts the traffic projected to ply on the asset under the control of the Company. The concession agreement provides some safeguards in this regard but many of them are unforeseen and exposes the Company to risk.

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The credit risk is minimal as the company collects the toll upfront from the users of the facility

**Liquidity risk**

The financial closure of the project is pending and that is the biggest liquidity risk perceived by the company. The tie up with the strategic investor should mitigate the liquidity risk on this account significantly

**Interest Rate risk**

Infrastructure projects are typically capital intensive and require high levels of long-term debt financing. The Company intends to pursue a strategy of continued investment in infrastructure development projects. In the past, the Company was able to infuse equity and arrange for debt financing to develop infrastructure projects on acceptable terms. However, the Company believes that its ability to continue to arrange for capital requirements is dependent on various factors. These factors include: timing and internal accruals generation; timing and size of the projects awarded; credit availability from banks and financial institutions; the success of its current infrastructure development projects. Besides, there are also several other factors outside its control.

NATVARLAL VEPARI & CO. ★ CHARTERED ACCOUNTANTS ★ Mumbai

Vijayawada Gundugolanu Road Project Private Limited ★

**Input Cost Risk**

Raw materials, such as bitumen, stone aggregates cement and steel, need to be supplied continuously to complete projects undertaken by the group. As mentioned in the earlier paragraph of the business risk and the competition risk the input cost is a major risk to attend to ensure that the Company is able to contain the project cost within the estimate projected to the lenders and the regulators. To mitigate this the company has sub-contracts the construction of the facility at a fixed price contract to various subcontractor within and without the group.

36 **Going concern assumptions**

The Company has received a notice of termination from NHAI on August 26, 2016. Consequently NHAI took possession of the toll plaza and tolling was suspended by the Company. Accordingly, the company suspended amortization of the Intangible Asset from that date and also stopped accruing interest liability on the deferred payment liability from that date.

Subsequently, as a result of the efforts of the Company and dialogues with top officials of NHAI and MORTH, NHAI has agreed to revoke the termination notice vide letter dated 16th Jan, 2017 and also agreed to handover of Toll plazas subject to completing financial closure and fulfilling other commitments as specified in the letter within the stipulated time frame. Pursuant to the requirements stipulated by NHAI the Company has entered into a binding agreement with Hinduja Realty Ventures for a committed equity participation of 49% in the Project as and when their conditions are satisfied. With the committed equity participation by the Hinduja Realty Ventures, bankers have expressed their willingness to give their respective sanctions , which are under final stages of approval for financial closure of this Project. The management is hopeful of the financial closure of the project and the project being revived.

37 **Comparative period**

Previous period was for Eighteen months from October 1, 2014 to March 31, 2016 and therefore those figures are not strictly comparable to the figures for the current period of twelve months from April 1, 2016 to March 31, 2017

38 The balance sheet, statement of profit and loss, cash flow statement, statement of changes in equity, statement of significant accounting policies and the other explanatory notes form an integral part of the financial statements of the Company for the year ended March 31, 2017.

**As per our report of even date attached**
**For Natvarlal Vepari & Co**
Chartered Accountants
Firm Registration No. 106971W

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Ruchi Tamhankar
Partner
M.No. 136667
Place: Mumbai
Date: June 17, 2017

**For and behalf of the Board of Directors**
**Vijaywada Gundugolanu Road Project Private Limited**

Kaushik Chaudhuri
DIN: 06757692
Place: Mumbai
Date: June 17, 2017

Sanjay Chaudhury
DIN: 05157682
Place: Mumbai
Date: June 17, 2017

Vijayawada Gundugolanu Road Project Private Limited