

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 Seventh Annual Report, together with the Audited Accounts of the Company, for the financial year from 1st April, 2017 to 31st March, 2018 (the "Financial Year").

1. FINANCIAL RESULTS

The Company has a loss of Rs.2,62,06,000/- for the Financial Year; 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.

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 Project's site on 27th August, 2016. Your company is in discussion with Authority for mutual exit from the Project.

3. DIVIDEND / TRANSFER TO RESERVES:

In view of the loss during the Financial Year, the Directors have not recommended any dividend for the Financial Year. No amount is transferred to any reserve.

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 Financial Year.



VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED

6. PARTICULARS OF EMPLOYEES:

During the Financial Year 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 Financial Year;
- 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. Subramanya Venkata Ramana Murthy Satya Manapragada ceased to be a Director w.e.f. 10th April, 2017. Mr. Kaushik Chaudhuri, 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 28th April, 2017, 17th June, 2017, 29th August, 2017, 22nd December, 2017 and 31st March, 2018.

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	5	5
Mr. Kaushik Chaudhuri	5	5
Ms. Poonam Sabnis*	5	5

*Appointed as additional director w. e. f. 28th 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,

VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED

logistics related, Government policy related matters that may threaten the existence of the Company.

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

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.

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.

Amended provisions of Section 139 of the Act vide Companies (Amendment) Act, 2017 notified from 7th May, 2018 no longer requires ratification of appointment of Auditors by members at every subsequent AGM. In view of this, the appointment of Auditors' is not proposed for ratification at ensuing AGM.

15. AUDITORS' REPORT:

In the opinion of the Directors, the observations 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 Financial Year.

18. DEPOSITS:

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

VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED

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 RESPONSIBILITY

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.

21. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company does not have any amount / shares due to be transferred to Investor Education and Protection Fund.

22. SECRETARIAL STANDARDS

The Company has complied with all applicable Secretarial Standards.

23. SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

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

24. 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


M Sanjay Chaudhary
Director
DIN: 05157682


Kaushik Chaudhuri
Director
DIN: 06757692

Place: Mumbai
Date: 4th September 2018

ANNEXURE I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2018

[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	-	-	-	-	-	-	-	-	-

92

(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			% change in share holding during 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	
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	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	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	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors & KMP				
	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-2017)				
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				
- Addition	--	--	--	--
- Reduction	--	--	--	--



Net Change	--	--	--	--
Indebtedness at the end of the financial year (31-Mar-2018)				
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 (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2.	Stock Option					
3.	Sweat Equity					
4.	Commission - as % of profit - 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
	<u>Independent Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify					
	Total (1)					
	<u>Other Non-Executive Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					



BR

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 (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - 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
Vijayawada Gundugolanu Road Project Private Limited


Sanjay Chaudhary
Director
DIN: 05157682


Kaushik Chaudhuri
Director
DIN: 06757692

Place: Mumbai
Date: 04-09-2018

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, 2018, 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

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

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 aforesaid Standalone 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 financial position of the Company as at March 31, 2018, its financial performance including other comprehensive income, its cash flows and the statement of changes in equity for the year ended on that date.

Material Uncertainty Related to Going Concern

We invite attention to Note 33 of the financial statements, 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. The Company could not adhere to the terms of the NHAI for restart as detailed in the note and therefore the company made an application to NHAI on September 8, 2017 for "mutual exit" from the project. The Mutual exit application on acceptance by NHAI would mean that the assets and various liabilities as detailed in the note would be settled in the manner detailed in the note and the company would seek steps for liquidation. The management is hopeful of receiving a favourable response to its application. There is material uncertainty relating to the acceptance of the decision of NHAI for mutual exit. In either case the Company would not continue as a going concern as detailed in the note. The realisability of the assets and liabilities are detailed in the note but the final effect would however be given only on the receipt of permission from NHAI. Our report is not qualified on this account.

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.



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

- (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 **Material Uncertainty Related to Going Concern** paragraph, in our opinion, has an adverse effect on the functioning of the Company;
- (f) On the basis of written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 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 with reference to the financial statements 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.

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



Ruchi Tamhankar
Partner
Membership No. 136667

Mumbai, Dated: June 12, 2018



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

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 at reasonable intervals 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, 2018 for a period of more than six months from the date of becoming payable, except for labour cess of Rs3.47 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.



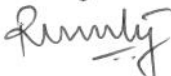
Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

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

- (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 and hence clause 3(xi) of Companies (Auditors Report) Order 2016 is 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) Since the company is a wholly owned subsidiary of a listed company, therefore the provisions of Sec.177 is not applicable in respect of transactions with related parties, the company has complied with the provisions of Sec 188 of the Act, where applicable. The necessary disclosures relating to related party transactions have been made in the Financial Statements as required by 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


Ruchi Tamhankar
Partner

Membership No. 136667
Mumbai, Dated: June 12, 2018



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

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 with reference to the financial statements under
Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to the financial statements of Vijayawada Gundugolanu Road Projects Private ("the Company") as of March 31, 2018 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 with reference to the financial statements 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 with reference to the financial statements 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 with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls with reference to the financial statements, 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 with reference to the financial statements.



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

Meaning of Internal Financial Controls with reference to the financial statements

A company's internal financial control with reference to the financial statements 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 with reference to the financial statements 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 with reference to the financial statements.

Because of the inherent limitations of internal financial controls with reference to the financial statements, 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 with reference to the financial statements to future periods are subject to the risk that the internal financial control with reference to the financial statements 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 with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at March 31, 2018, 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



Ruchi Tamhankar
Partner

Membership No. 136667

Mumbai, Dated: June 12, 2018



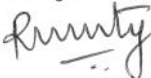
VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED
CIN: U74990DL2012PTC232205
BALANCE SHEET AS AT MARCH 31, 2018

(Rs. In lacs)

Particulars	Note Ref	As at March 31, 2018	As at March 31, 2017
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	3	59.95	97.55
(b) Intangible Assets	4	66,170.22	66,170.22
(c) Intangible Assets Under Development	5	6,277.12	6,277.12
(d) Financial Assets			
(i) Loans	6.1	0.86	0.86
(ii) Others	6.2	1,450.00	1,450.00
(e) Other Non-current assets	7	1,035.05	14,644.49
Total Non-current Assets (A)		74,993.20	88,640.24
(2) Current Assets			
(a) Inventories		-	-
(b) Financial Assets			
(i) Cash and cash equivalents	6.3	9.66	18.55
(ii) Loans	6.1	6.18	340.42
(iii) Others	6.2	19.52	32.34
(c) Other current assets	7	20.65	93.09
Total Current Assets (B)		56.01	484.40
Total Assets (A + B)		75,049.21	89,124.64
EQUITY & LIABILITIES			
Equity			
(a) Equity Share capital	8	1.00	1.00
(b) Other Equity	9	1,966.72	12,510.44
Total Equity (A)		1,967.72	12,511.44
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Other financial liabilities	10.1	72,875.76	72,875.76
(b) Provisions	11	2.25	27.15
(c) Deferred tax liabilities (Net)		-	-
Total Non-current liabilities (B)		72,878.01	72,902.91
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	12	198.62	2,389.55
(ii) Other financial liabilities	10.1	1.33	1,316.39
(b) Other current liabilities	13	3.49	3.54
(c) Provisions	11	0.04	0.81
Total Current liabilities (C)		203.48	3,710.29
Total Equity and Liabilities (A+B+C)		75,049.21	89,124.64

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 12, 2018

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

 Kaushik Chaudhuri
DIN: 06757692
Place: Mumbai
Date: June 12, 2018

Sanjay Chaudhary
DIN: 05157682

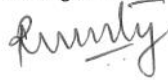
VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED
CIN: U74990DL2012PTC232205
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rs. In lacs)

Particulars	Note Ref	For year ended March 31, 2018	For year ended March 31, 2017
I Revenue from Operations	14	-	5,606.77
II Other Income:	15	112.89	128.61
III Total Revenue (I + II)		112.89	5,735.38
IV Expenses:			
Construction Cost	16	-	2,079.99
Tolling and Maintenance Expenses	17	-	179.17
Personnel Expenses	18	113.52	266.07
Finance Expenses	19	-	3,602.48
Depreciation & amortization	20	37.60	415.25
Other Expenses	21	223.83	393.09
Total Expenses		374.95	6,936.06
V Profit Before Tax (VII-VIII)		(262.06)	(1,200.68)
VI Tax Expense	22	5.86	
1. Current Tax		-	-
2. Short/(excess)provision of tax		5.86	
3. Deferred Tax Liability / (asset)	23	-	-
VII Profit for the period (XIV+XI)		(267.92)	(1,200.68)
VIII Other Comprehensive Income			
Remeasurement of defined benefit plans		3.66	(1.47)
IX Total Comprehensive Income		(264.26)	(1,202.15)
X Earnings per Equity Share:	24		
Basic & Diluted		(2,679.24)	(12,006.81)
Par Value		10.00	10.00

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 12, 2018

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


 Kaushik Chaudhuri
 DIN: 06757692
 Place: Mumbai
 Date: June 12, 2018

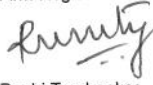

 Sanjay Chaudhary
 DIN: 05157682

VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED
CIN: U74990DL2012PTC232205
CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2018
(All the figures are Rupees in lacs unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax As Per Profit & Loss Account	(262.06)	(1,200.68)
Adjusted For :		
Depreciation & Impairment of property, plant & Equipment	37.60	48.79
Amortization & Impairment of intangible assets	-	366.46
Interest Income	(89.37)	(76.56)
Sundry Balances written back	(23.51)	(50.66)
Interest & other finance expenses	185.84	3,907.95
	110.55	4195.98
Operating Profit Before Working Capital Changes		
Adjusted For :		
Changes in Financial Assets	334.24	(336.88)
Changes in other assets	13,683.38	(5,253.99)
Changes in financial liabilities	(3,482.46)	3,052.37
Changes in other liabilities	(0.06)	(87.09)
Changes in provisions	(22.01)	16.02
	-	-
	10,513.09	(2,609.56)
	10,361.58	385.74
Income tax paid	(7.35)	(7.66)
Net Cash Flow From Operating Activities (A)	10,354.23	378.09
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	-	(3.53)
Fixed Deposit with bank (under lien)	-	(1,450.00)
Intangible Assets Under Development	0.00	(2,100.79)
Interest Received	102.18	44.22
Net Cash Used in Investing Activities (B)	102.18	(3,510.09)
CASH FLOW FROM FINANCING ACTIVITIES		
Amount recd towards intercorporate deposits	110.00	4,077.78
Repayment of intercorporate deposits	(10,389.46)	-
Interest Expenses	(185.84)	(306.19)
Repayment of Deferred Payment Liability	-	(2,619.44)
Net Cash Used in Financing Activities (C)	-10,465.31	1152.14
Net Change in Cash & Cash Equivalents (A+B+C)	(8.89)	(1,979.86)
Cash & Cash Equivalents at the beginning of the year	18.55	1,998.41
Cash & Cash Equivalents at the end of the year	9.66	18.55
	(8.89)	(1,979.86)
Components of Cash and Cash Equivalents		
Balances with scheduled banks in current account	9.65	18.55
Cash on hand	0.01	-
Total Components of Cash and Cash Equivalents	9.67	18.55

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 12, 2018



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


Kaushik Chaudhuri
DIN: 06757692
Place: Mumbai
Date: June 12, 2018


Sanjay Chaudhary
DIN: 05157682

VIJAYAWADA GUNDUGOLANU RAOD PROJECT PRIVATE LIMITED

CIN: U74990DL2012PTC232205

Notes to Financial Statements for the year ended March 31, 2018
(All the figures are Rupees in lacs unless otherwise stated)

Statement of Changes in Equity

A . Equity Share Capital

Equity Share Capital	March 31, 2018		March 31, 2017	
	Number	Amount (Rs.)	Number	Amount (Rs.)
Equity shares of INR 10 each issued, subscribed and fully paid	10,000.00	1.00	10,000.00	1.00
Balance at the beginning of the reporting period				
Changes in equity share capital during the year				
Add: Issue during the reporting period	-	-	-	-
Balance at end of the reporting period	10,000.00	1.00	10,000.00	1.00

B. Other Equity

Particulars	Retained Earnings	Capital Contribution	Other Comprehensive Income	Total
Balance as at April 1, 2016	(3,839.48)	13,474.29	-	9,634.82
Profit for the year	(1,200.68)	-	-	(1,200.68)
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	(5,041.63)	17,552.07	-	12,510.44
Profit for the year	(267.92)	-	-	(267.92)
Actuarial Gain transferred to OCI	3.66	-	-	3.66
Inter-Corporate Loan repaid to GIPL	-	(10,279.47)	-	(10,279.47)
Balance as at March 31, 2018	(5,305.89)	7,272.60	-	1,966.72



VIJAYAWADA GUNDUGOLANU ROAD PROJECTS PRIVATE LIMITED

CIN: U63032MH2007PTC174100

Significant Accounting Policies for the year ended March 31, 2018

1 Corporate Information

Vijayawada Gundugolanu Road Projects Pvt Ltd ('VGRPPL'), domiciled in India and having its registered office at Second Floor, Plot No. 360, Block B, Sector 19, Dwarka, New Delhi, South West Delhi, DL 110075, 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 had 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 had 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 had entered into a binding agreement with a Strategic investor for a committed equity participation of 49% in the Project. With the committed equity participation by the Strategic investor, bankers had expressed their willingness to give their respective sanctions, which were under final stages of approval for financial closure of this Project. The management was hopeful of the financial closure of the project and the project being revived.

The Company however could not achieve financial closure and consequently its agreement with Hinduja Realty Ventures also was terminated.

Due to delay of 2.5 years in fixing the Appointed Date and the Financial Closure, a situation of "Force Majeure" has been created which is beyond the control of both the Parties. Accordingly, the company, vide its letter dated September 8, 2017 has made a consent application for "mutual exit" from the project.

The project is presently facing difficulties of financial closure resulting in the chances of the project being terminated.

2 Significant Accounting Policies

2.1 Basis of Preparation

The Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2014 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016.

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

2.2 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 financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.



2.3 Recent Accounting Pronouncements

- a) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.
- b) Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.
- c) The standard permits two possible methods of transition:
- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
 - Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

The company does not have significant impact pursuant to the applicable standard in its financial statements.

2.4 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.

Decommissioning 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 and 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.

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 and contingent liabilities**

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

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.



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.

i) **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.

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

Construction contract revenues :

In accordance with the principal laid down in Appendix A to the Ind As 11, revenue from Construction service are recognized in exchange for grant of tolling rights, accounted at the fair value of service rendered on Cost plus margin.

Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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.

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) **Measurement of EBITDA**

The Company has elected to present earnings before interest, tax expenses, depreciation and amortization expenses (EBITDA) as a separate line item on the face of the statement of profit and loss. In the measurement of EBITDA, the Company does not include depreciation and amortization expenses, interest and tax expense.

r) **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 PROJECT PRIVATE LIMITED

CIN: U74990DL2012PTC232205

Notes to Financial Statements for the year ended March 31, 2018

(All the figures are Rupees in lacs unless otherwise stated)

3 Property, Plant & Equipment

Particulars						(Rs in lacs)
	P&M	Computer	Furniture & Fixture	Office Equipments	Total (Rupees)	
Cost or valuation						
As at Apr 1, 2016	79.94	119.19	7.54	7.14	213.80	
Additions	-	3.53	-	-	3.53	
Sales/Disposals/Adjustments	-	-	-	-	-	
As at 31 March 2017	<u>79.94</u>	<u>122.71</u>	<u>7.54</u>	<u>7.14</u>	<u>217.32</u>	
Additions	-	-	-	-	-	
Sales/Disposals/Adjustments	-	-	-	-	-	
As at March 31, 2018	<u>79.94</u>	<u>122.71</u>	<u>7.54</u>	<u>7.14</u>	<u>217.32</u>	
Depreciation						
As at Apr 1, 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 31 March 2017	<u>13.33</u>	<u>100.65</u>	<u>2.22</u>	<u>3.58</u>	<u>119.77</u>	
Charge for the period	6.66	22.06	5.32	3.56	37.60	
Sales/Disposals/Adjustments	-	-	-	-	-	
As at March 31, 2018	<u>19.98</u>	<u>122.71</u>	<u>7.54</u>	<u>7.14</u>	<u>157.37</u>	
Net Block						
As at 31 March 2017	<u>66.61</u>	<u>22.06</u>	<u>5.32</u>	<u>3.56</u>	<u>97.55</u>	
As at March 31, 2018	<u>59.95</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59.95</u>	

4 Intangible Assets

Cost or valuation	Toll Collection Rights	
		Total
As at Apr 1, 2016	67,792.45	67,792
Additions	-	-
Sales/Disposals/Adjustments	-	-
As at 31 March 2017	<u>67,792.45</u>	<u>67,792</u>
Additions	-	-
Sales/Disposals/Adjustments	-	-
As at March 31, 2018	<u>67,792.45</u>	<u>67,792.45</u>
Depreciation		
As at Apr 1, 2016	1,255.77	1,256
Charge for the period	366.46	366
Sales/Disposals/Adjustments	-	-
As at 31 March 2017	<u>1,622.23</u>	<u>1,622</u>
Charge for the period	-	-
Sales/Disposals/Adjustments	-	-
As at March 31, 2018	<u>1,622.23</u>	<u>1,622.23</u>
Net Block		
As at 31 March 2017	<u>66,170.22</u>	<u>66,170.22</u>
As at March 31, 2018	<u>66,170.22</u>	<u>66,170.22</u>



VJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITE
CIN: U74990DL2012PTC232205
Notes to Financial Statements for the year ended March 31, 2018

5 Intangible Assets under Development

Particulars	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)
Concession Fees	0.00	0.00
Contract Expenses - EPC	2,236.43	2,186.22
Developer fees	2,273.31	2,323.52
Project Expenses	88.58	88.58
Finance expenses	-	-
Interest expense	145.52	145.52
Other finance cost	1,060.61	1,060.61
Personnel expenses	261.79	261.79
Depreciation	0.88	0.88
Administration expenses	-	-
Professional fees	119.53	119.53
Travelling cost	23.48	23.48
Others	66.98	66.98
Total intangible assets under development	6,277.12	6,277.12

6 Financial Assets (Non-current)

6.1 Financial Assets - Loans

Particulars	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)
	Non - Current		Current	
Deposits	0.86	0.86	-	-
Dues receivable from RGBL	-	-	5.92	5.88
Dues receivable from GIPL	-	-	-	334.32
Other advances	-	-	0.25	0.22
Total	0.86	0.86	6.18	340.42

6.2 Financial Assets - Others

Particulars	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)
	Non - Current		Current	
Fixed Deposit with bank (under lien)	1,450.00	1,450.00	-	-
Interest receivable on Fixed Deposit	-	-	19.52	32.34
Total	1,450.00	1,450.00	19.52	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 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)
	Non - current		Current	
Balances with scheduled banks in current account	-	-	9.65	18.55
Cash in hand	-	-	0.01	-
Total	-	-	9.66	18.55

7 Other Assets

Particulars	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)
	Non - Current		Current	
Advance taxes (net of provision)	14.64	13.15	-	-
Advances recoverable in cash or kind	-	-	-	-
Mob Advance given to contractor - GIPL	27.47	13,609.49	-	-
Mob Advance given to contractor - Others*	982.50	1,000.00	-	-
Balance with revenue authorities	10.44	21.85	0.03	-
Prepaid expenses	-	-	20.62	93.09
Total	1,035.05	14,644.49	20.65	93.09

* The advance given to Simplex Infrastructure Limited is unconfirmed.



8 Equity Share Capital

Particulars	As at 31.03.2018		As at 31.03.2017	
	(Rs.)		(Rs.)	
Authorised Shares: 10,00,00,000 equity shares of Rs.10/- each 10,00,00,000 equity shares of Rs.10/- each (Previous Year)		10,000.00		10,000.00
Issued, Subscribed & Paid-up: 10,000 equity shares of Rs.10/- each 10,000 equity shares of Rs.10/- each (Previous Year)		1.00		1.00
	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017	As at 31.03.2017
	Number	Amount (Rs.)	Number	Amount (Rs.)
Reconciliation of the equity shares outstanding at the beginning and at the end of the period				
Balance at beginning of the period	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

i. 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.

ii. Details of registered shareholders holding more than 5% equity shares in the Company:

Particulars	As at 31.03.2018		As at 31.03.2017	
	Number	% of holding	Number	% of holding
Equity shares of Rs 10 each paid up Gammon Infrastructure Projects Limited	10,000.00	100%	10,000.00	100%
Total	10,000.00	100%	10,000.00	100%

iii. 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.

9 Other Equity

Particulars	As at 31.03.2018		As at 31.03.2017	
	(Rs.)		(Rs.)	
i) Retained Earnings		(5,305.89)		(3,839.48)
ii) Capital Contribution Inter-Corporate Loan received from GIPL		7,272.60		13,474.29
Balance at the end of the year		1,966.72		9,634.81

10 Financial Liabilities

10.1 Other Financial Liabilities

Particulars	As at 31.03.2018		As at 31.03.2017	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
	Non - current		Current	
Deferred Payment liability (Additional Concession fees) ^	72,875.76	72,875.76	-	-
Other liabilities	-	-	0.41	0.35
Dues to Related parties towards capital expenditure				
Gammon Infrastructure Projects Limited	-	-	-	1,309.67
Bimitrapur Barkote Highway Pvt Ltd	-	-	-	3.63
Staff Liabilities	-	-	0.92	2.74
Total	72,875.76	72,875.76	1.33	1,316.39

^ The deferred payment liability has been disclosed as non-current as the application for wiful "mutual exit" from the project is not yet approved by NHAI.

11 Provisions

Particulars	As at 31.03.2018		As at 31.03.2017	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
	Non - current		Current	
Provision for gratuity	0.42	6.03	0.01	0.18
Provision for leave encashment	1.83	21.12	0.03	0.63
Total	2.25	27.15	0.04	0.81

Disclosure in accordance with Ind AS – 19 "Employee



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.

i The amount recognised in the balance sheet and the movements in the net defined benefit obligation over the year is as follows:

Particulars	As at 31.03.2018	As at 31.03.2017
	(Rs.) Gratuity (Un-Funded)	(Rs.) Gratuity (Un-Funded)
a) Reconciliation of opening and closing balances of Defined benefit Obligation	6.21	3.02
Defined Benefit obligation at the beginning of the year		
Current Service Cost	0.10	1.49
Interest Cost	0.47	0.22
Actuarial (Gain) /Loss	(3.66)	1.47
Past employees Service Benefits paid	(2.69)	
Defined Benefit obligation at the year end	0.43	6.21
b) Reconciliation of opening and closing balances of fair value of plan assets	-	-
Fair Value of plan assets at the beginning of the year	-	-
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 assets and obligations		
Fair Value of Plan Assets	-	-
Present value of Defined Benefit obligation	0.43	6.21
Liability recognized in Balance Sheet	0.43	6.21
d) Expenses recognized during the year (Under the head "		
Employees Benefit Expenses)		
Current Service Cost	0.10	1.49
Interest Cost	0.47	0.22
Expected Rate of return on Plan Assets	-	-
Past employees Service	-	-
Net Cost	0.57	1.72
Remeasurements		
1. Return on Plan Assets above Interest Income		
2. Net Actuarial (Gain)/Loss in the year	-	1.47
Transfer to other Comprehensive Income (OCI)	(3.66)	1.47

ii **Actuarial assumptions**

Particulars	As at 31.03.2018	As at 31.03.2017
	(Rs.) Gratuity 2006-08 (Ultimate)	(Rs.) Gratuity 2006-08 (Ultimate)
Mortality Table (LIC)		
Discount rate (per annum)	7.50%	7.50%
Expected rate of return on Plan assets (per annum)	NA	NA
Rate of escalation in salary (per annum)	5.5%	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

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 requirement for a gratuity plan in india and there is no compulsion on the part of the company fully or partially pre-fund the liabilities under the plan. Since the liabilities are unfunded there is no asset liability matching strategy devised for the plan

iii **Sensitivity analysis**

A quantitative Sensitivity analysis for significant assumption.

	Discount rate	Salary growth rate
Change in assumption		
March 31, 2018	1%	1%
March 31, 2017	1%	1%
Increase in assumption		
March 31, 2018	(0.04)	0.05
March 31, 2017	(0.76)	0.92
Decrease in assumption		
March 31, 2018	0.05	(0.04)
March 31, 2017	0.91	(0.78)



v) Experience adjustment

Particulars	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)
Experience adjustment on Plan Liability	3.66	1.02

12 Trade Payables

Particulars	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)
	Non - current		Current	
Trade Payables	-	-	-	-
- Micro, Small and Medium Enterprises	-	-	198.62	2,389.55
- Other	-	-	-	-
Total	-	-	198.62	2,389.55

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.

13 Other Liabilities

Particulars	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)
	Non - current		Current	
Duties and Taxes payable	-	-	3.49	3.54
Total	-	-	3.49	3.54

14 Revenue from operations

Particulars	For year ended	
	March 31, 2018	March 31, 2017
Toll Revenue	-	3,505.98
Revenue on construction	-	2,100.79
Total	-	5,606.77

In accordance with the principles in Appendix A to Ind AS 11 relating to accounting for Service Concession Agreements, the company had 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 had recognized the same at cost plus margin in the previous year.

During the previous year, the toll collection till August 26, 2016 has been recognized as above (Refer Note 33)

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 maintenance 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 had received a notice of termination from NHA1 on August 26, 2016. Consequently NHA1 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 NHA1 and MORTH, NHA1 had 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 NHA1 the Company had 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. No progress was however made despite of the best efforts taken by the management. Due to delay of 2.5 years in fixing the Appointed Date and the Financial Closure, a situation of "Force Majeure" has been created which is beyond the control of both the Parties. Accordingly, the company, vide its letter dated September 8, 2017 has made a consent application for "mutual exit" from the project.

(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	Year ended	Year ended
	March 31, 2018	March 31, 2017
Revenue	-	2,100.79
Costs	-	2,079.99
Margin earned	-	20.80



15 Other Income			
Particulars	For year ended March 31, 2018	For year ended March 31, 2017	
Interest Income	89.37	76.56	
Provision no longer required w/back	23.51	0.66	
Other Income	-	51.40	
Total	112.89	128.61	
16 Construction Cost			
Particulars	For year ended March 31, 2018	For year ended March 31, 2017	
Construction Cost- sub-contracting expenses	-	2,079.99	
Total	-	2,079.99	
17 Tolling and Maintenance Expenses			
Particulars	For year ended March 31, 2018	For year ended March 31, 2017	
Sub-Contractor Expenses (CoS)	-	43.78	
Tolling Expenses	-	90.23	
Maintenance Expenses	-	45.16	
Total	-	179.17	
18 Personnel Expenses			
Particulars	For year ended March 31, 2018	For year ended March 31, 2017	
Salaries, wages and bonus	112.95	250.30	
Contribution to Gratuity & Leave Encashment	0.57	15.77	
Total	113.52	266.07	
19 Finance Cost			
Particulars	For year ended March 31, 2018	For year ended March 31, 2017	
Interest expenses	-	0.74	
Interest on deferred liability payment	-	3,601.75	
Total	-	3,602.48	
20 Depreciation & Amortization			
Particulars	For year ended March 31, 2018	For year ended March 31, 2017	
Depreciation	37.60	48.79	
Amortization	-	366.46	
Total	37.60	415.25	
21 Other Expenses			
Particulars	For year ended March 31, 2018	For year ended March 31, 2017	
Professional fees	1.52	13.08	
Printing and Stationary	0.03	1.10	
Travelling Expenses	5.73	21.66	
Hire of Motor Car	2.20	4.21	
Computer Expenses	0.13	0.33	
Rent Expenses	1.00	1.05	
Fuel & Lube Expenses	0.49	0.72	
Insurance Expenses	2.39	0.55	
Advertisement expenses	-	1.88	
ROC fees	0.10	0.17	
GST Input w/off	21.12	-	
Bank Guarantee Charges	185.84	230.71	
Bank Charges	0.07	75.25	
Remuneration to auditors (including tax audit)	1.00	4.50	
Other Miscellaneous Expenses	2.21	37.88	
Total	223.83	393.09	



22 Tax Expenses

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

Particulars	For year ended March 31, 2018	For year ended March 31, 2017
Accounting profit before income tax	(262.06)	(1,200.68)
At India's statutory income tax rate	30.90%	30.90%
Tax on above	(80.98)	(371.01)
Effect of non-deductible expenses	11.62	134.79
Effect of deductible expenses and set off of losses	(12,736.67)	(17,000.25)
Ind As adjustments	-	-
Tax	(12,806.03)	(17,236.47)
Tax Rounded Off	(12,810.00)	(17,240.00)
Tax rate as per 115JB	19.06%	19.06%
Tax on profit as per 115JB	(49.95)	(228.85)
Effect of deductible expenses and set off of losses	8.28	79.15
Effect of deductible expenses and set off of losses	(7.17)	(79.43)
Tax as per MAT	(48.83)	(229.13)

23 Deferred Tax

The company has not recognized Deferred Tax Asset on account of uncertainty of the project being executed.

24 Earnings per share ('EPS')

Net Profit / (loss) attributable to equity shareholders and the

Particulars	For year ended March 31, 2018	For year ended March 31, 2017
Profit during the year	(267.92)	(1,200.68)
Outstanding number of equity shares (Nos.)	10,000.00	10,000.00
Weighted average number of equity shares in calculated EPS (Nos)	10,000.00	10,000.00
Nominal value of equity share	10.00	10.00
Basic EPS	(2,679.24)	(12,006.81)
Diluted EPS	(2,679.24)	(12,006.81)

Reconciliation of weighted number of outstanding during the period:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
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	10,000.00	10,000.00
Add : Issue of Equity Shares	-	-
Total number of equity shares outstanding at the end of the period	10,000.00	10,000.00
Weighted average number of equity shares at the end of the period	10,000.00	10,000.00

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 management decision of mutually exiting the project, the capital commitment is shown as Nil. As per the original plan, the cost of the project is Rs.2,08,700 lacs (P.Y. Rs.2,08,700 lacs)

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.

27 Related party transactions

Disclosure in accordance with Ind AS - 24 "Related Party Disclosures", of the Companies (Indian Accounting Standards) Rules, 2015.

a) Names of the related parties and related party relationships

Related parties where control exists :

- Gammon India Limited (Ultimate Holding Co. upto September 7, 2017)
- Gammon Infrastructure Projects Limited - Holding Company

b) Fellow subsidiaries & Others:

- Birmitrapur Barkote Highways Pvt Ltd
- Rajahmundry Godavari Bridge Limited

Related party transactions

Transactions	Entities where control exists	Fellow subsidiaries & others
Maintenance expense incurred Gammon Infrastructure Projects Limited	(2,186.22)	-
Finance Received Gammon Infrastructure Projects Limited	115.00 (9,172.78)	-
Finance Refunded Gammon Infrastructure Projects Limited	10,422.84 (5,095.00)	-
Refund of Mobilisation Advance given Gammon Infrastructure Projects Limited	13,609.49	-
Expenses incurred on behalf of the Company : Gammon Infrastructure Projects Ltd.	163.02 (283.34)	-
Rajahmundry Godavari Bridge Limited		(2.54)



Repayment of expenses incurred on behalf of us: Gammon Infrastructure Projects Ltd.	1,471.78 (1,585.12)	
Rajahmundry Godavari Bridge Limited		0.04 (1.06)
Mobilisation advance paid Gammon Infrastructure Projects Ltd.	- (3,234.69)	
EPC advance paid: Gammon Infrastructure Projects Ltd.	- (334.32)	
Deposit for Directorship paid: Gammon Infrastructure Projects Ltd.	- (2.00)	
Outstanding balances written back Birmitrapur Barkote Highways Pvt Ltd	- -	3.62 -
Outstanding balance Receivable Rajahmundry Godavari Bridge Limited	- -	5.92 (5.88)
Outstanding balance payable Birmitrapur Barkote Highways Pvt Ltd	- -	- (3.62)
Gammon Infrastructure Projects Ltd.	6,262.63 (4,252.24)	
Guarantee Given Gammon Infrastructure Projects Ltd.	8,419.99 (8,419.99)	- -
Guarantee Commission incurred Gammon Infrastructure Projects Ltd.	185.84 (230.71)	- -

(Previous period's figure in brackets)

All the above transactions are made on terms equivalent to those that prevail in arm's length transactions.

28 Derivative Instruments and Unhedged Foreign Currency Exposure

There are no derivative instruments outstanding as on March 31, 2018 and as on March 31, 2017. The Company has no foreign currency exposure towards liability outstanding as on March 31, 2018 and as on March 31, 2017.

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. Uncertainty 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 Financial Instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2018 and March 31, 2017 is as follows:

Particulars	Carrying value		Fair Value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial Assets				
Amortized Cost				
Loans and advances	7.03	341.27	7.03	341.27
Trade receivables	-	-	-	-
Cash and bank balances	9.66	18.55	9.66	18.55
Others	1,469.52	1,482.34	1,469.52	1,482.34
Financial Liabilities				
Amortized cost				
Long term borrowings	-	-	-	-
Short term borrowings	-	-	-	-
Trade payable	198.62	2,389.55	198.62	2,389.55
Others	72,877.09	74,192.15	72,877.09	74,192.15

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, book overdrafts 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.

31 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 value

The Company has not recognised any of the outstanding financial instrument as on March 31, 2018 and March 31, 2017 at fair value.

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

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

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

- 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.
- 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.

32 Financial risk management objectives and policies

Financial risk factors

The Company is in the business of infrastructure development and it undertakes projects in multiple infrastructure segments. The nature of the business is complex and the Company is exposed to multiple 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 segments in which the company operates, Power Sector, Ports or Urban Development, 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.



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.

33 Going concern assumptions

The Company had received a notice of termination from the National Highways Authority of India (NHAI) on 28th August 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. Thereafter, as a result of the efforts of the Company and dialogues with top officials of NHAI and the Ministry of Road Transport & Highways (MoRTH), NHAI had agreed to revoke the termination notice vide letter dated 16th January 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 had 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 Hinduja Realty Ventures, bankers had expressed their willingness to give their respective sanctions, which were under final stages of approval for financial closure of this Project. The management was hopeful of the financial closure of the Project and the Project being revived.

The Company however could not achieve financial closure and consequently its agreement with Hinduja Realty Ventures was eventually terminated.

The Company finally made an application to NHAI on 08th September 2017 for "mutual exit" from the Project. The Company has cited various reasons like change in the timelines, overall poor perception about the road sector, increased Corporate Debt Restructurings (CDRs) in Infrastructure Companies, downturn in global economy, etc for the delay of almost 2.5 years in the financial closure, thus creating a situation of "Force Majeure." The primary terms of the mutual exit are return of the bank guarantee given by the Holding Company and non-levy of any other charges by NHAI or claims from both sides. The toll plaza is currently not in the control of the Company. The Company has also sought the release of lien on the Fixed deposit of the Company by NHAI.

If the mutual exit is accepted by NHAI as per the terms mentioned in the aforementioned letter of the Company, the financial statements of the Company will undergo the following adjustments:

- Write-back of the deferred payment liability of Rs. 72,875.76 lacs that will not be payable
- Write-off of the Intangible asset being the toll collection right on the existing road recognised by the Company of Rs. 66,170.22 lacs (net carrying value)
- Write-off of the Intangible assets under development of Rs. 6,277.12 lacs as the Project would be foreclosed.
- Write-off of Property, Plant & Equipment and Other Assets amounting to Rs.66.99 lacs
- This would result in a net gain of Rs. 361.43 lacs.
- The Company would have funds of Rs. 2,300.76 lacs to pay dues to the Holding Company against the amount payable as per the financial statements of Rs.7,245.22 lacs

The Company would then seek to take steps for liquidation and the Holding Company would have to write off the balance amount due to it.

The decision of NHAI in response to the Company's aforesaid letter of mutual exit is pending. No effects have been given in the financial statements pending the decision of the NHAI.

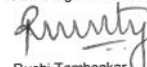
The decision of NHAI on the request of the Company for mutual exit would determine the Company's ability to continue as a going concern.

34 Comparative period

The previous year's figures have been regrouped and rearranged, wherever necessary, to make them comparable.

35 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, 2018

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:



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


Kaushik Chaudhuri
DIN: 06757692


Sanjay Chaudhuri
DIN: 05157682