

DIRECTORS' REPORT

To
The Members,
Patna Highway Projects Limited

Your Directors have pleasure in presenting their Seventh Annual Report together with the Audited Financial Statements and the Auditors Report for the financial year from 1st October 2014 to 31st March 2016 (“**Financial Year**”).

| | |
|-----------|---|
| 1. | PROJECT STATUS: |
| | <p>Your Company has been awarded the project for the design, construction, finance & maintenance of a 63.17 km long four - lane dual carriageway on NH-77, which includes new bypass of 16.87 km connecting NH-28 in the State of Bihar on BOT (Annuity) basis (“Project”), which is presently under implementation.</p> <p>The concession period is 15 years, ending in August 2025, of which 2.5 years is for construction. The Company will receive an annuity payment of Rs. 9,460 lakhs from National Highways Authority of India, semi-annually, during the entire operations period. The total project cost is estimated at Rs. 100345 lakhs.</p> <p>The EPC contract for the project was awarded to Gammon India Limited. The project has been delayed on account of unavailability of right of way over certain portions of the Project highway. However, the Company has applied to NHAI for provisional COD as construction on the available stretch of the Project highway has been completed.</p> |
| 2. | FINANCIAL RESULTS / STATE OF AFFAIRS |
| | <p>During the Financial Year, the Company earned total income of Rs. 9,25,83,169/- (Previous Year: Rs. 3,71,60,000). Loss before Tax for the Financial Year was Rs. 18,96,143/- (Previous Year: Loss of Rs. 6,71,971/-). Loss after tax adjustments has been Rs. 18,96,143/- (Previous Year: Loss Rs. 6,71,971/-).</p> |
| 3. | DIVIDEND / TRANSFER TO RESERVE(S) |
| | <p>On account 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.</p> |
| 4. | SHARE CAPITAL |
| | <p>The Company has allotted equity shares on rights basis to the shareholders of the Company, details of which are:</p> <ol style="list-style-type: none">On 1st August 2015, 1,73,00,000 equity shares of Rs. 10/- each aggregating to Rs. 17,30,00,000/- were allotted at par, andOn 18th March 2016, 3,02,00,000 equity shares of Rs. 10/- each aggregating to Rs. 30,20,00,000/- were allotted at par. <p>As on 31st March 2016, the Authorised, Issued, Subscribed and Paid up Share Capital of the Company is Rs. 50,00,00,000/- divided into 5,00,00,000 equity shares of Rs. 10/- each and the paid up share capital is Rs. 50,00,00,000/- divided into</p> |

| | 5,00,00,000 equity shares of Rs. 10/- each. | | | | | | | | | | |
|--|--|---------------------|---|--|---|--------------------|----|------------------------|----|-------------------|---|
| 5. | NUMBER OF MEETINGS OF THE BOARD | | | | | | | | | | |
| | <p>During the Financial Year, 14 (Fourteen) Board Meetings were duly held on 17th November 2014, 2nd March 2015, 27th March 2015, 30th March 2015, 24th April 2015, 28th April 2015, 1st June 2015, 15th July 2015, 1st August 2015, 27th August 2015, 20th October 2015, 29th October 2015, 18th January 2016 and 1st March 2016. 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:</p> <table border="1"> <thead> <tr> <th>Name of Director(s)</th> <th>Board Meetings attended during the Financial Year</th> </tr> </thead> <tbody> <tr> <td>Mr. Mahesh Fogla (resigned w. e. f. 24th April 2015)</td> <td>4</td> </tr> <tr> <td>Mr. Raja Mukherjee</td> <td>14</td> </tr> <tr> <td>Mr. MSSV Ramana Murthy</td> <td>13</td> </tr> <tr> <td>Mr. Govind Sharan</td> <td>4</td> </tr> </tbody> </table> | Name of Director(s) | Board Meetings attended during the Financial Year | Mr. Mahesh Fogla (resigned w. e. f. 24 th April 2015) | 4 | Mr. Raja Mukherjee | 14 | Mr. MSSV Ramana Murthy | 13 | Mr. Govind Sharan | 4 |
| Name of Director(s) | Board Meetings attended during the Financial Year | | | | | | | | | | |
| Mr. Mahesh Fogla (resigned w. e. f. 24 th April 2015) | 4 | | | | | | | | | | |
| Mr. Raja Mukherjee | 14 | | | | | | | | | | |
| Mr. MSSV Ramana Murthy | 13 | | | | | | | | | | |
| Mr. Govind Sharan | 4 | | | | | | | | | | |
| 6. | CHANGE IN THE NATURE OF BUSINESS | | | | | | | | | | |
| | There has been no change in the nature of business during the Financial Year. | | | | | | | | | | |
| 7. | SUBSIDIARIES / ASSOCIATES / JOINT VENTURES | | | | | | | | | | |
| | The Company does not have any subsidiary / associate or Joint Venture. | | | | | | | | | | |
| 8. | EXTRACT OF ANNUAL RETURN | | | | | | | | | | |
| | The details forming part of the extracts of Annual Return in Form MGT-9 as per Section 92 of the Companies Act, 2013 is annexed herewith as Annexure 'A' . | | | | | | | | | | |
| 9. | BOARD OF DIRECTORS / COMMITTEES | | | | | | | | | | |
| | <p>In accordance with the provisions of the Companies Act, 2013, Mr. MSSV Ramana Murthy retires by rotation at the next Annual General Meeting (“AGM”) and has offered himself for re-appointment.</p> <p>Mr. Mahesh Fogla resigned as a director of the Company w. e. f. 24th April 2015.</p> <p>Presently, the Board of Directors comprises of Mr. MSSV Ramana Murthy, Mr. Raja Mukherjee and Mr. Govind Sharan.</p> <p>The Company has not been able to appoint Independent Directors and constitute Board Committees like the Audit Committee and the Nomination and Remuneration Committee. No formal annual evaluation was made by the Board of its own performance and that of its committees and individual directors. Remuneration Policy for directors, KMPs and other employees including criteria for determining qualifications, positive attributes and independence of a director are yet to be formulated.</p> | | | | | | | | | | |
| 10. | VIGIL MECHANISM / WHISTLE BLOWER POLICY | | | | | | | | | | |
| | The Company is yet to establish a vigil mechanism. | | | | | | | | | | |

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| 11. | KEY MANAGERIAL PERSONNEL |
| | During the Financial Year, the Company has not appointed any key managerial personnel pursuant to section 203 of the Companies Act, 2013. |
| 12. | DEPOSITS |
| | The Company has not accepted any deposits covered under Chapter V of the Act. |
| 13. | PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT BY COMPANY |
| | The Company has not made any loans, guarantees or investments as covered under Section 186 of the Companies Act, 2013. |
| 14. | RELATED PARTY TRANSACTIONS |
| | The Company has not made any related party transactions covered under the provisions of section 188 of the Companies Act, 2013 hence prescribed Form AOC-2 is not applicable. |
| 15. | SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS |
| | <p>On 1st March 2016, Yes Bank Limited, Lead Member of the consortium of lenders of the Company approached the Hon'ble High Court of Bombay with prayer to direct GIPL and / or BIF India Holdings Pte. Ltd. to transfer Rs. 85,00,00,000/- (Rupees Eighty Five Crores only) in the Company's escrow account maintained with Yes Bank Limited in accordance with the No Objection Certificate issued by the NHA I to GIPL for the Share Purchase Agreement dated 27th August 2015 and the Amended and Restated Share Purchase Agreement dated 26th February 2016 entered into between GIPL and BIF India Holdings Pte. Ltd.</p> <p>The outcome of the case will not have any effect on the functioning of the Company as there are no prayers against the Company in the pleadings by Yes Bank Limited.</p> <p>There are no significant / material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.</p> |
| 16. | DIRECTORS' RESPONSIBILITY STATEMENT |
| | Pursuant to the requirement of Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that: |
| a. | in the preparation of the annual financial statements, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any; |
| b. | the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period; |
| c. | the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities; |

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| | d. | the Directors had prepared the annual accounts on a going concern basis; and |
| | e. | the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively. |
| 17. | PARTICULARS OF EMPLOYEES | |
| | There are no particulars to be disclosed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. | |
| 18. | STATUTORY AUDITOR & AUDITOR'S REPORT | |
| | <p><u>STATUTORY AUDITOR:</u> In the 6th AGM of the Company convened on 31st March 2015, M/s. Natvarlal Vepari & Co., Chartered Accountants (Firm Registration no.: 106971W), had been appointed as the statutory auditors of the Company until the conclusion of the next AGM of the Company. The Company has obtained written consent and letter confirming eligibility from M/s. Natvarlal Vepari & Co. to be appointed as the statutory auditors of the Company. The Directors of the Company recommend their appointment as the auditors from the conclusion of the Seventh Annual General Meeting till the conclusion of the Twelfth Annual General Meeting of the Company and to fix their remuneration at the forthcoming AGM of the Company.</p> <p>There is no audit qualification, reservation, or adverse remark or disclaimer in the Auditor's Report for the Financial Year.</p> <p><u>AUDITOR'S REPORT:</u> The Auditors have made qualified opinions in the annexure to the Auditors' Report in point no. (viii) and (ix).</p> <p><u>MANAGEMENT EXPLANATION:</u> As regards comments of the Auditors at para (viii) and (ix) in respect of cash loss incurred during the year and delays in interest servicing, the same are self explanatory having regard to the Company operations.</p> <p>The Company is engaged in construction of the project and yet to generate revenue while expenses that are not directly attributable to the project are expensed out as per the requirement of the Accounting Standards followed by the Company.</p> <p>Further, the Company has already paid outstanding interest payable for the months of January 2016 on 1st April 2016 and of February 2016 on 28th April 2016 and necessary arrangements are being made for paying the overdue interest for the month of March 2016 at the earliest.</p> | |
| 19. | SECRETARIAL AUDIT REPORT | |
| | Mr. Veeraraghavan. N, Practicing Company Secretary have, pursuant to section 203 of the Companies Act, 2013, issued the Secretarial Audit Report for the Financial Year with the following qualifications: | |

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| | <p>1. The Company has not appointed any KMP, as envisaged in Section 203 of the Act.</p> <p>2. The Board composition is not as per Section 149 of the Act.</p> <p>3. The Company has not constituted any Audit Committee and Nomination & Remuneration Committee. Also, not established any Vigilance Mechanism for their Directors and Employees.</p> <p><u>MANAGEMENT CLARIFICATION:</u> The Company is in process of appointing independent directors, company secretary and constitution of the necessary committees as per the requirements of the Companies Act, 2013.</p> |
| 20. | CORPORATE SOCIAL RESPONSIBILITY (CSR) |
| | CSR related provisions of the Companies Act, 2013 do not apply to the Company as the Company does not meet turnover or networth criteria prescribed in this regard. |
| 21. | DISCLOSURE ON WOMEN AT WORKPLACE |
| | As there are no women employees, the Company was not required to formulate a policy on prevention of sexual harassment at workplace pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. |
| 22. | CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO |
| | <p>(A) Conservation of energy- NIL</p> <p>(i) the steps taken or impact on conservation of energy:</p> <p>(ii) the steps taken by the company for utilising alternate sources of energy:</p> <p>(iii) the capital investment on energy conservation equipments:</p> <p>(B) Technology absorption- Not Applicable</p> <p>(i) the efforts made towards technology absorption:</p> <p>(ii) the benefits derived like product improvement, cost reduction, product development or import substitution:</p> <p>(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable</p> <p>(a) the details of technology imported:</p> <p>(b) the year of import:</p> <p>(c) whether the technology been fully absorbed:</p> <p>(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:</p> <p>(iv) the expenditure incurred on Research and Development: NIL</p> <p>(C) Foreign exchange earnings and Outgo-</p> <p>Foreign Exchange earned in terms of actual inflows during the year: Nil</p> <p>Foreign Exchange outgo during the year in terms of actual outflows: Nil</p> |

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| 23. | MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT: |
| | No material change and commitments affecting financial position of the Company occurred between the end of financial year and the date of this report. |
| 24. | 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. |
| 25. | RISK MANAGEMENT POLICY |
| | The Company 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, supply / logistics related, debtors collections, Government policy related matters that may threaten the existence of the Company. |
| 26. | ACKNOWLEDGEMENT |
| | The Directors would like to place on record their appreciation for the valuable co-operation extended to the Company by the employees of the Company, Government Departments, Bankers, Suppliers and Customers for their continuous support to the Company. |

**FOR AND ON BEHALF OF THE BOARD OF
PATNA HIGHWAY PROJECTS LIMITED**

Place: Mumbai
Dated: 27th May 2016

Raja Mukherjee
Director
(DIN-07008101)

MSSV Ramana Murthy
Director
(DIN-05177356)

FORM NO. MGT 9**EXTRACT OF ANNUAL RETURN****as on financial year ended on 31-03-2016****Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014****I REGISTRATION & OTHER DETAILS:**

| | | |
|-----|--|--|
| i | CIN | U74999DL2009PLC197265 |
| ii | Registration Date | December 22, 2009 |
| iii | Name of the Company | Patna Highway Projects Limited |
| iv | Category / Sub-category of the Company | Company Limited by Shares |
| v | Address of the Registered office & contact details | Second Floor, Plot No. 360, Block – B, Sector 19, Dwarka, New Delhi – 110075 Email: compliances@gammoninfra.com |
| vi | Whether listed company | No |
| vii | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Not Applicable |

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

| SL No | Name & 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 | 100 |

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

| SI No | Name & Address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|-------|--|---------------------------|----------------------------------|------------------|--------------------|
| 1 | Gammon Infrastructure Projects Limited Reg. Office: Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai - 400025 | L45203MH2001 PLC131728 | Holding Company | 100.00% | 2 (46) |

SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

| Category of Shareholders | No. of Shares held at the beginning of the year (01-Oct-2014) | | | | No. of Shares held at the end of the year (31-Mar-2016) | | | | % change during the year |
|---------------------------------------|---|----------------|------------------|-------------------|---|----------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Central Govt.or State Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Bodies Corporates | 1,749,994 | 750,006 | 2,500,000 | 100.00 | 49,999,994 | 6 | 50,000,000 | 100.00 | 0.00 |
| d) Bank/FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Any other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL:(A) (1) | 1,749,994 | 750,006 | 2,500,000 | 100.00 | 49,999,994 | 6 | 50,000,000 | 100.00 | 0.00 |
| (2) Foreign | | | | | | | | | |
| a) NRI- Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Other Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Bodies Corp. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Banks/FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Any other... | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL (A) (2) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Shareholding of Promoter | | | | | | | | | |
| (A)= (A)(1)+(A)(2) | 1,749,994 | 750,006 | 2,500,000 | 100.00 | 49,999,994 | 6 | 50,000,000 | 100.00 | 0.00 |

| Category of Shareholders | No. of Shares held at the beginning of the year (01-Oct-2014) | | | | No. of Shares held at the end of the year (31-Mar-2016) | | | | % change during the year |
|--|---|----------------|------------------|-------------------|---|----------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| B. PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Banks/FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| C) Central govt | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Fund | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g) FIIS | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Others (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL (B)(1): | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (2) Non Institutions | | | | | | | | | |
| a) Bodies corporates | | | | | | | | | |
| i) Indian | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakh | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Others (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL (B)(2): | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grand Total (A+B+C) | 1,749,994 | 750,006 | 2,500,000 | 100.00 | 49,999,994 | 6 | 50,000,000 | 100.00 | 0.00 |

(ii) SHARE HOLDING OF PROMOTERS

| Sl No. | Shareholders Name | Shareholding at the beginning of the year (01-Oct-2014) | | | Shareholding at the end of the year (31-Mar-2016) | | | % 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 Limited | 2,500,000 | 100.00 | 30.00 | 50,000,000 | 100.00 | 11.88 | 0.00 |
| | | | | | | | | |
| | | | | | | | | |
| | Total | 2,500,000.00 | 100.00 | | 50,000,000.00 | 100.00 | | 1,900.00 |

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

| Sl. No. | | Share holding at the beginning of the Year (01-Oct-2014) | | Cumulative Share holding during the year (31-Mar-2016) | |
|---------|--|--|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of total shares of the company | No of shares | % of total shares of the company |
| | Gammon Projects Developers Limited | | | | |
| | At the beginning of the year | 2,500,000 | 100.00% | 2,500,000 | 100.00% |
| | Date wise increase / decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) | | | | |
| | + Allotment dated 01-August-2015 | 17,300,000 | 100.00% | 19,800,000 | 100.00% |
| | + Allotment dated 18-March-2016 | 30,200,000 | 100.00% | 50,000,000 | 100.00% |
| | At the end of the year | 50,000,000 | | 50,000,000 | |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

| Sl. No | | Shareholding at the end of the year (01-Oct-2014) | | Cumulative Shareholding during the year (31-Mar-2016) | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | 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 | 0 | 0.00% | 0 | 0.00% |
| | Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) | 0 | 0.00% | 0 | 0.00% |
| | At the end of the year (or on the date of separation, if separated during the year) | 0 | 0.00% | 0 | 0.00% |

(v) Shareholding of Directors & KMP

| Sl. No | | Shareholding at the end of the year (01-Oct-2014) | | Cumulative Shareholding during the year (31-Mar-2016) | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No of shares | % of total shares of the company |
| | For Each of the Directors & KMP | | | | |
| | At the beginning of the year | 0 | 0.00% | 0 | 0.00% |
| | Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) | 0 | 0.00% | 0 | 0.00% |
| | At the end of the year | 0 | 0.00% | 0 | 0.00% |

V INDEBTEDNESS

| Indebtedness of the Company including interest outstanding / accrued but not due for payment | | | | |
|--|----------------------------------|---------------------|----------|-----------------------|
| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
| Indebtness at the beginning of the financial year (01-Oct-2014) | | | | |
| i) Principal Amount | 8,286,774,785 | 944,250,000 | 0 | 9,231,024,785 |
| ii) Interest due but not paid | 72,733,811 | 1,933,028 | 0 | 74,666,839 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 8,359,508,596 | 946,183,028 | 0 | 9,305,691,624 |
| Change in Indebtedness during the financial year | | | | |
| Additions | 1,819,275,612 | 0 | 0 | 1,819,275,612 |
| Reduction | 0 | -298,200,000 | 0 | -298,200,000 |
| Net Change | 1,819,275,612 | -298,200,000 | 0 | 1,521,075,612 |
| Indebtedness at the end of the financial year (31-Mar-2016) | | | | |
| i) Principal Amount | 10,027,058,716 | 646,050,000 | 0 | 10,673,108,716 |
| ii) Interest due but not paid | 151,725,492 | 1,933,028 | 0 | 153,658,520 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 10,178,784,208 | 647,983,028 | 0 | 10,826,767,236 |

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

| Sl.No | Particulars of Remuneration | Name of the MD / WTD / Manager | | | Total Amount |
|-------|--|--------------------------------|--|--|--------------|
| | | Not Applicable | | | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961. | | | | 0.00 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | | | | 0.00 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | | | | 0.00 |
| 2 | Stock option | | | | 0.00 |
| 3 | Sweat Equity | | | | 0.00 |
| 4 | Commission as % of profits | | | | 0.00 |
| 5 | Others, please specify | | | | 0.00 |
| | Total (A) | | | | 0.00 |
| | Ceiling as per the Act | | | | |

B. Remuneration to other directors:

| Sl.No | Particulars of Remuneration | Name of the Directors | | | Total Amount |
|-------|--|-----------------------|--|--|--------------|
| 1 | Independent Directors | Not Applicable | | | |
| | (a) Fee for attending board / committee meetings | | | | 0.00 |
| | (b) Commission | | | | 0.00 |
| | (c) Others, pls. specify | | | | 0.00 |
| | Total (1) | | | | 0.00 |
| 2 | Other Non Executive Directors | | | | |
| | (a) Fee for attending board / committee meetings | | | | 0.00 |
| | (b) Commission | | | | 0.00 |
| | (c) Others, please specify. | | | | 0.00 |
| | Total (2) | | | | 0.00 |
| | Total (B)=(1+2) | | | | 0.00 |
| | Total Managerial Remuneration | | | | 0.00 |
| | Overall Ceiling as per the Act | | | | |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|---------|--|--------------------------|--|--|-------------|
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961. | | | | 0.00 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | | | | 0.00 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | | | | 0.00 |
| 2 | Stock Option | | | | 0.00 |
| 3 | Sweat Equity | | | | 0.00 |
| 4 | Commission | | | | 0.00 |
| | - as % of profit | | | | |
| 5 | Others, please specify | | | | 0.00 |
| | | | | | |
| | Total | | | | 0.00 |

VII **PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

NOT APPLICABLE

| 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 of Directors of
Patna Highway Projects Limited**

Name: Raja Mukherjee
Designation: Director
DIN: 07008101

Name: MSSV Ramana Murthy
Designation: Director
DIN: 05177356

Place: Mumbai

Date: 27-May-2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Patna Highway Projects Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Patna Highway Projects Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the period from 1st October 2014 to 31st March 2016 ("period"), and a summary of significant accounting policies and other explanatory information.

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 of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 standalone 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether

the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone 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 of the state of affairs of the Company as at 31st March, 2016, and its losses and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 statement on the matters Specified in paragraphs 3 and 4 of the 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 appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164(2) of the Act
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has no pending litigations that will impact its financial position in its financial statements.
- 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.

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

Ruchi Tamhankar
Partner
Membership No. 136667

Mumbai, Dated: May 27, 2016

ANNEXURE TO AUDITOR'S REPORT

- i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) Fixed assets have been physically verified by the management during the period and no material discrepancies were identified on such verification.
- ii) The company did not have any inventory during the year and hence clauses 3(ii)(a), 3(ii)(b) and 3(ii)(b) of the Companies (Auditor's Report) Order 2015 are not applicable.
- iii) The Company has not granted unsecured interest free loans to any party covered in the register maintained u/s 189 of the Companies Act, 2013 and hence clause 3(iii) of the Companies (Auditor's Report) Order 2015 is not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- 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. Therefore, clause 3(v) of the Companies (Auditors Report) Order 2015 is not applicable to the Company. 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) According to the information and explanation given to us we report that the Company is not required to maintain the prescribed cost records u/s 148(1) of the Companies Act, 2013 and hence clause 3(vi) of the Companies (Auditor's Report) Order 2015 is not applicable.
- vii) a) The Company has been generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other applicable 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, 2016 for a period of more than six months from the date of becoming payable.

b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, or Cess which have not been deposited because of any dispute with the relevant authorities;

- c) According to information and explanations given to us we have to state that no amount is required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act 2013 and Rules made thereunder.
- viii) The Company has accumulated losses at the end of the period which are not exceeding fifty percent of its networth. *The company has however incurred cash losses in the current year and the immediately preceding financial year.*
- ix) According to the information and explanations given to us, *the Company has defaulted in payment of interest dues to Banks. The amounts of delays in interest servicing in respect of Rupee term loan were Rs. 139,48,76,903 for a period ranging from 1 days to 150 days. The amounts include the default existing as at balance sheet date on repayment of interest which is disclosed in Note 8 of the financial statements.*
- x) According to the information and explanations given to us and on the basis of records perused by us and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution and hence clause 3(x) of Companies (Auditors Report) Order 2013 is not applicable.
- xi) According to information and explanations given to us and on the basis of records perused by us we have to state that the term loans taken during the year by the company have been applied for the purpose for which they were obtained.
- xii) According to the information and explanations given to us and to the best of our knowledge and belief no fraud on or by the Company has been noticed or reported during the year.

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

Ruchi Tamhankar
Partner
Membership No. 136667

Mumbai, Dated: May 27, 2016

PATNA HIGHWAY PROJECTS LIMITED
CIN : U74999DL2009PLC197265
BALANCE SHEET AS AT MARCH 31, 2016
(All amounts in Indian Rupees unless otherwise stated)

| Particulars | Notes | As at 31-Mar-16 | As at 30-Sep-14 |
|---|--------------|----------------------------|----------------------------|
| Equity and liabilities | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 500,000,000 | 25,000,000 |
| Reserves and surplus | 4 | (8,371,746) | (6,466,954) |
| | | 491,628,254 | 18,533,046 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 10,673,108,716 | 8,654,898,785 |
| Long-term provisions | 6 | 37,271 | 23,146 |
| | | 10,673,145,987 | 8,654,921,931 |
| Current liabilities | | | |
| Trade payables | 7 | | |
| - Total outstanding dues of MSME | | | 603,512 |
| - Total outstanding dues of creditors other than MSME | | - | 849,181,032 |
| Other current liabilities | 8 | 287,131,418 | 305,182 |
| Short-term provisions | 6 | 289,892 | 850,089,726 |
| | | 287,421,310 | 850,089,726 |
| TOTAL | | 11,452,195,551 | 9,523,544,703 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 9 | 1,184,324 | 1,731,007 |
| Intangible asset under development | 10 | 11,293,301,369 | 9,454,238,491 |
| Long-term loans and advances | 11 | 123,329,660 | 57,852,064 |
| | | 11,417,815,353 | 9,513,821,562 |
| Current assets | | | |
| Cash and cash equivalents | 12 | 31,233,277 | 5,904,660 |
| Short-term loans and advances | 11 | 3,146,921 | 3,818,481 |
| | | 34,380,198 | 9,723,141 |
| TOTAL | | 11,452,195,551 | 9,523,544,703 |

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

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

For and on behalf of the Board of Directors of
Patna Highway Projects Limited

Ruchi Tamhankar
Partner
Membership No. : 136667

Raja Mukherjee
Director
DIN:07008101

MSSV Ramana Murthy
Director
DIN:05177356

Place : Mumbai
Date : May 27, 2016

PATNA HIGHWAY PROJECTS LIMITED
CIN : U74999DL2009PLC197265
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2016
(All amounts in Indian Rupees unless otherwise stated)

| Particulars | Notes | Eighteen months period ended 31-Mar-16 | Nine months period ended 30-Sep-14 |
|--|-------|--|--|
| Income | | | |
| Revenue from operations (Change of Scope) | | 92,545,000 | 37,160,000 |
| Other income | 13 | 38,169 | - |
| Total revenue (A) | | <u>92,583,169</u> | <u>37,160,000</u> |
| Expenses | | | |
| Contract Expenses (Change of Scope) | | 92,545,000 | 37,160,000 |
| Administrative expenses | 14 | 1,934,312 | 671,971 |
| Total expenses | | <u>94,479,312</u> | <u>37,831,971</u> |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | | (1,896,143) | (671,971) |
| Depreciation and amortisation | | - | - |
| Finance costs | | - | - |
| Loss before tax | | <u>(1,896,143)</u> | <u>(671,971)</u> |
| Tax expense | | - | - |
| Loss after tax | | <u><u>(1,896,143)</u></u> | <u><u>(671,971)</u></u> |
| Earnings per equity share ('EPS') | | | |
| Nominal value per share | 15 | 10 | 10 |
| Basic | | (0.17) | (0.27) |
| Diluted | | (0.17) | (0.27) |

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

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

For and on behalf of the Board of Directors of
Patna Highway Projects Limited

Ruchi Tamhankar
Partner
Membership No. : 136667

Raja Mukherjee
Director
DIN:07008101

MSSV Ramana Murthy
Director
DIN:05177356

Place : Mumbai
Date : May 27, 2016

PATNA HIGHWAY PROJECTS LIMITED
CIN : U74999DL2009PLC197265
STATEMENT OF CASH FLOW FOR THE EIGHTEEN MONTHS PERIOD ENDED MARCH 31, 2016
(All amounts in Indian Rupees unless otherwise stated)

| Particulars | Period ended 31-Mar-16 | Period ended 30-Sep-14 |
|---|---------------------------|----------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net loss before tax and extraordinary items | (1,896,143) | (671,971) |
| Adjustments for : | | |
| Interest Income | (29,730) | |
| Sundry balances written back | (8,439) | - |
| | <u>(38,169)</u> | <u>-</u> |
| Operating profit before working capital changes | (1,934,312) | (671,971) |
| Movements in working capital : | | |
| Increase / (decrease) in trade payables and other liabilities | (65,511,533) | 182,162 |
| Decrease / (increase) in trade and other receivables | <u>(65,028,736)</u> | <u>-</u> |
| | <u>(130,540,269)</u> | <u>182,162</u> |
| Cash (used in) / generated from the operations | (132,474,581) | (489,809) |
| Direct taxes paid | 222,700 | (587,200) |
| Net cash (used in) / generated from the operations | (132,251,881) | (1,077,009) |
| B. CASH FLOW FROM INVESTMENT ACTIVITIES : | | |
| Payments made towards purchase of tangible asset | (1,350) | - |
| Payment towards intangible asset under development and other capital advances | (1,838,523,494) | (796,449,469) |
| Interest Received | 29,730 | - |
| Payment of finance costs, capitalised | <u>1,492,100,632</u> | <u>564,774,451</u> |
| | <u>(346,394,482)</u> | <u>(231,675,018)</u> |
| Net Cash used in investment activities | (346,394,482) | (231,675,018) |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Net Proceeds from long term borrowings | 1,744,083,931 | 650,196,052 |
| Proceeds from inter corporate borrowings | 173,000,000 | 112,000,000 |
| Payment towards interest and other finance cost | <u>(1,413,108,951)</u> | <u>(564,774,451)</u> |
| | <u>503,974,980</u> | <u>197,421,601</u> |
| Net cash generated from financing activities | 503,974,980 | 197,421,601 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | <u>25,328,617</u> | <u>(35,330,426)</u> |
| Closing balance | 31,233,277 | 5,904,660 |
| Opening balance | 5,904,660 | 41,235,086 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | <u>25,328,617</u> | <u>(35,330,426)</u> |
| Components of cash and cash equivalents | | |
| Cash and cheques on hand | - | - |
| With banks : | | |
| - On current account | <u>31,233,277</u> | <u>5,904,660</u> |
| | <u>31,233,277</u> | <u>5,904,660</u> |

Note: Figures in brackets denote outflows.

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

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

For and on behalf of the Board of Directors of
Patna Highway Projects Limited

Ruchi Tamhankar
Partner
Membership No. : 136667

Raja Mukherjee
Director
DIN:07008101

MSSV Ramana Murthy
Director
DIN:05177356

Place : Mumbai
Date : May 27, 2016

PATNA HIGHWAY PROJECTS LIMITED

CIN : U74999DL2009PLC197265

EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

1 Corporate information

Patna Highway Projects Limited ('PHPL') is incorporated under the Companies Act, 1956, on December 22, 2009, as a subsidiary of Gammon Infrastructure Projects Limited ('GIPL'). The Company entered into a Concession Agreement ('the Contract') with the National Highways Authority of India ('NHAI') for the development, maintenance and operation of road from Patna (Hajipur) to Muzaffarpur in the state of Bihar on Build Operate and Transfer ('BOT') Annuity basis.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006, (as amended), and the relevant provisions of the Companies Act, 1956 which as per clarification issued by Ministry of Corporate Affairs would continue to apply under section 133 of the Companies Act, 2013 and General Circular 8/2014 dated April 4, 2014 with respect to the financial statements. The financial statements have been prepared on an accrual basis of accounting and under the historical cost convention.

The accounting policies adopted in the preparation of the financial statements are consistent with those used in the previous year.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets

Tangible fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition of its intended use. The costs comprises of the purchase price, borrowings costs if capitalisation criteria are met and directly attributable costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the cost of the tangible fixed asset. Any subsequent expenses related to a tangible fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other day to day repairs and maintenance expenditure and the cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

c. Depreciation on tangible fixed assets

Depreciation on tangible fixed assets is provided on the Straight Line Method at the rates and in the manner laid down in Schedule II of the Companies Act, 2013 or the rates based on the estimated useful lives of the fixed assets, whichever is higher. Depreciation on tangible fixed assets purchased / installed during the year/ period is calculated on a pro-rata basis from the date of such purchase / installation.

Gains or losses arising from derecognition of tangible fixed assets 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 and loss when the asset is derecognised.

d. Intangible asset under development

Intangible asset under development comprises entirely the cost of 'Project Road' being developed by the Company to be operated on a BOT basis as described in note 1.

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.

PATNA HIGHWAY PROJECTS LIMITED

CIN : U74999DL2009PLC197265

EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

e. Impairment of tangible and intangible assets

On an annual basis the company makes an assessment of any indicator that may lead to impairment of assets. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount is higher of an asset's net selling price and value in use. Value is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

After impairment, the asset is depreciated or amortised on the revised carrying amount of the asset over its remaining useful life.

f. Borrowing costs

Borrowing cost includes interest and ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalized. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

g. Retirement and other employee benefits

Retirement benefits in the form of Provident Fund is a defined contribution scheme. The contributions are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

The Company operates only one defined benefit plan for its employees i.e. gratuity. The costs of providing this benefit are determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses of the defined benefit plan are recognised in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains and losses of the defined benefit plan are recognised in full in the period in which they occur in the statement of profit and loss and are not deferred.

h. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 and the Income Computation and Disclosure Standards issued by the Central Board of Direct Taxes.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities related to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

PATNA HIGHWAY PROJECTS LIMITED

CIN : U74999DL2009PLC197265

EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

i. Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in the rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss 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.

j. Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

k. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

l. Contingent liabilities

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

m. Segment reporting

Business segments have been identified on the basis of the nature of services, the risk return profile of individual business, the organizational structure and the internal reporting system of the Company.

Segment Composition :

The Company has been incorporated as a Special Purpose Vehicle for carrying out a single infrastructure activity of constructing, operating and maintaining a road project under Public Private Partnership scheme.

Further, the Company's operations are within a single geographical segment which is India.

n. Measurement of EBITDA

The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In the measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

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| 3 Share capital | As at | As at |
|--|--------------------|--------------------|
| Particulars | 31-Mar-16 | 30-Sep-14 |
| Authorised shares : | | |
| 50,000,000 (previous period: 50,000,000) equity shares of Rs 10/- each fully paid up | 500,000,000 | 500,000,000 |
| Total | 500,000,000 | 500,000,000 |
| Issued, subscribed and fully paid-up shares : | | |
| 50,000,000 (previous period: 2,500,000) equity shares of Rs. 10/- each | 500,000,000 | 25,000,000 |
| Total issued, subscribed and fully paid-up share capital | 500,000,000 | 25,000,000 |

a) Shares held by holding / ultimate holding company and / or their subsidiaries / associates

| Name of the registered shareholder | As at | | As at | |
|--|-------------------|--------------------|------------------|-------------------|
| | 31-Mar-16 | Rupees | 30-Sep-14 | Rupees |
| | Numbers | Rupees | Numbers | Rupees |
| Gammon Infrastructure Projects Limited ('GIPL'), holding company | 50,000,000 | 500,000,000 | 2,500,000 | 25,000,000 |
| Total | 50,000,000 | 500,000,000 | 2,500,000 | 25,000,000 |

b) Reconciliation of the number of shares outstanding at the beginning and at the end of the period

| Particulars | As at | | As at | |
|---|-------------------|--------------------|------------------|-------------------|
| | 31-Mar-16 | Rupees | 30-Sep-14 | Rupees |
| | Numbers | Rupees | Numbers | Rupees |
| At the beginning of the period | 2,500,000 | 25,000,000 | 2,500,000 | 25,000,000 |
| Issued during the period | 47,500,000 | 475,000,000 | - | - |
| Outstanding at the end of the period | 50,000,000 | 500,000,000 | 2,500,000 | 25,000,000 |

c) Terms / rights attached to equity shares

The Company has only one class of 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.

d) Details of shareholders holding more than 5% shares in the Company

| Shareholders holding more than 5% shares in the Company | As at | | As at | |
|---|-------------------|--------------|------------------|--------------|
| | 31-Mar-16 | % of holding | 30-Sep-14 | % of holding |
| | Numbers | % of holding | Numbers | % of holding |
| Equity shares of Rs 10 each fully paid up | | | | |
| GIPL, holding company | 50,000,000 | 100% | 2,500,000 | 100% |
| | 50,000,000 | | 2,500,000 | |

4 Reserves and surplus :

| Particulars | As at | As at |
|--|--------------------|--------------------|
| Particulars | 31-Mar-16 | 30-Sep-14 |
| Deficit in the statement of Profit and Loss | | |
| Balance, beginning of the period | (6,466,954) | (5,794,983) |
| Add : Loss for the period | (1,896,143) | (671,971) |
| Less : Depreciation for earlier period | (8,649) | - |
| Balance, end of the period | (8,371,746) | (6,466,954) |
| Total reserves and surplus | (8,371,746) | (6,466,954) |

5 Long term borrowings

| Particulars | Non-current | | Current maturities | |
|--|-----------------------|----------------------|--------------------|--------------------|
| | As at | As at | As at | As at |
| | 31-Mar-16 | 30-Sep-14 | 31-Mar-16 | 30-Sep-14 |
| Term loans | | | | |
| Indian rupee loans from banks (secured) (refer below for details) | 10,027,058,716 | 7,710,648,785 | - | 576,126,000 |
| Interest free, Unsecured Inter-corporate loan from GIPL (refer below for details) | 646,050,000 | 944,250,000 | - | - |
| | 10,673,108,716 | 8,654,898,785 | - | 576,126,000 |
| Less: amount disclosed under the heads "other current liabilities" (refer note 8) | - | - | - | (576,126,000) |
| Total long term borrowings | 10,673,108,716 | 8,654,898,785 | - | - |

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A) Details of term loan

I The term loan from banks is secured by :

- a) a first mortgage and charge on all the Company's movable properties, immovable properties, tangible assets, intangible assets, all bank accounts (including escrow accounts) and receivables (including annuity) both present and future save and except the Project Assets;
- b) pledge of 30% of equity shares of the Company presently held by GIPL.
- c) non disposal undertaking (NDU) for 70% of the paid up equity capital of the Company.
- c) unconditional and irrevocable corporate guarantee of the Promoter guaranteeing the repayment of the secured obligations in the event of termination of the Concession Agreement pursuant to occurrence of any Concessionaire Default during the construction period, which shall stand discharged upon occurrence of the CoD.

II The Company had entered into a Master Restructuring Agreement with its lenders based on which the term loan is repayable in 25 semi-annual instalments commencing August 17, 2017. The amount of repayment is determined as a % of revised loan amount ranging from 0.1% to 30.00% of the loan in respect of each instalment. The interest rate applicable to the Company is the highest of the rates individually determined by each member of the lenders consortium. The rate of interest is currently 10.75% (previous year 10.50%).

III The schedule for repayment of the term loan is as under :

| Particulars | 31-Mar-16 | 30-Sep-14 |
|--|-----------------------|----------------------|
| Instalments payable within 1 year | - | 576,126,000 |
| Instalments payable between 2 to 5 years | 1,053,420,000 | 2,858,634,000 |
| Instalments payable beyond 5 years | 8,973,638,716 | 4,852,014,785 |
| | 10,027,058,716 | 8,286,774,785 |

B) Repayment of inter-corporate loan :

The inter-corporate loans are repayable after the repayment of last instalment of the term loan of lenders or in a manner that the debt equity ratio required by the common loan agreement is complied with.

6 Provisions

| Particulars | Long - term provision | | Short - term provision | |
|----------------------------|------------------------------|----------------------------|-------------------------------|----------------------------|
| | As at 31-Mar-16 | As at 30-Sep-14 | As at 31-Mar-16 | As at 30-Sep-14 |
| Leave encashment | 27,808 | - | 201,172 | 261,420 |
| Gratuity | 9,463 | 23,146 | 88,720 | 43,762 |
| Total of provisions | 37,271 | 23,146 | 289,892 | 305,182 |

Gratuity

Gratuity is a defined benefit plan under which employees are entitled to receive gratuity calculated based on the number of years of their service and their last drawn salary at the time of retirement.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and in the balance sheet.

| Particulars | 31-Mar-16 | 30-Sep-14 |
|-------------------------------------|------------------|------------------|
| Current service cost | 24,796 | 43,755 |
| Interest cost on benefit obligation | 9,033 | 2,318 |
| Actuarial (gain)/loss | (2,554) | (10,421) |
| Net benefit expense | 31,275 | 35,652 |

The changes in the present value of the defined benefit obligation are as follows :

| Particulars | 31-Mar-16 | 30-Sep-14 |
|---|------------------|------------------|
| Opening defined benefit obligation | 66,908 | 31,256 |
| Current service cost | 24,796 | 43,755 |
| Interest cost on benefit obligation | 9,033 | 2,318 |
| Actuarial (gain)/loss | (2,554) | (10,421) |
| Closing defined benefit obligation | 98,183 | 66,908 |

The Company's gratuity obligation is fully unfunded. Hence currently, the Company does not expect to contribute any amounts to its gratuity plan in the next annual period.

The principal assumptions used in determining the gratuity obligations are as follows:

| Particulars | 31-Mar-16 | 30-Sep-14 |
|--------------------|------------------|------------------|
| Discount rate | 7.46% | 9.00% |
| Future salary rise | 5.00% | 5.00% |
| Attrition rate | 67.00% | 2.00% |

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The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

| Particulars | 31-Mar-16 | 30-Sep-14 |
|----------------------------------|-----------|-----------|
| Actuarial (Gain)/Loss | (2,554) | (10,421) |
| Experience adjustment | (5,350) | - |
| Changes in Actuarial assumptions | (2,796) | 10,421 |

7 Trade payables

| Particulars | As at 31-Mar-16 | As at 30-Sep-14 |
|---|--------------------|--------------------|
| Total outstanding dues of MSME | - | - |
| Total outstanding dues of creditors other than MSME | - | 603,512 |
| Total trade payables | - | 603,512 |

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.

8 Other current liabilities

| Particulars | As at 31-Mar-16 | As at 30-Sep-14 |
|---|--------------------|--------------------|
| Current maturities of long term borrowings (refer note 5) | - | 576,126,000 |
| Interest accrued and due | | |
| related party - GIPL | 1,933,028 | 1,933,028 |
| banks | 151,725,492 | 72,733,811 |
| Advance received from customer | - | 66,520,000 |
| Statutory dues | 109,290 | 3,581,513 |
| Dues to related parties towards capital expenditure | | |
| Gammon India Limited ('GIL') | 85,073,589 | 104,128,938 |
| Gammon Infrastructure Projects Limited ('GIPL') | 31,111,505 | - |
| Patna Buxar Highways Limited | - | - |
| Other liabilities towards capital expenditure | 17,178,514 | 24,157,742 |
| Total other current liabilities | 287,131,418 | 849,181,032 |

Default Disclosure

| Name of the Bank | Amount | Facility | Nature of Payment | Due date of payment |
|--|------------|-----------|-------------------|---------------------|
| Bank of Maharashtra | 9,949,611 | Term Loan | Interest | 28-Feb-16 |
| Bank of Maharashtra | 10,721,171 | Term Loan | Interest | 31-Mar-16 |
| Corporation Bank | 13,610,000 | Term Loan | Interest | 31-Jan-16 |
| Corporation Bank | 14,841,792 | Term Loan | Interest | 28-Feb-16 |
| Corporation Bank | 15,982,187 | Term Loan | Interest | 31-Mar-16 |
| Fedral Bank | 7,458,092 | Term Loan | Interest | 28-Feb-16 |
| Fedral Bank | 8,576,985 | Term Loan | Interest | 31-Mar-16 |
| Indian Bank | 10,028,170 | Term Loan | Interest | 28-Feb-16 |
| Indian Bank | 10,749,779 | Term Loan | Interest | 31-Mar-16 |
| Indian Overseas Bank | 3,281,882 | Term Loan | Interest | 28-Feb-16 |
| Indian Overseas Bank | 26,128,055 | Term Loan | Interest | 31-Mar-16 |
| Punjab & Sind Bank | 9,497,007 | Term Loan | Interest | 28-Feb-16 |
| Punjab & Sind Bank | 10,900,761 | Term Loan | Interest | 31-Mar-16 |
| Continuing Default Disclosure | | | | |
| Gammon Infrastructure Projects Limited | 1,933,028 | ICD | Interest | 31-Mar-15 |

During the year the Company has defaulted in interest payment to banks amounting to Rs. 151,725,492/- for two months and to GIPL Rs. 1,933,028/- which is outstanding since previous period.

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9 Tangible assets

| Particulars | Freehold Land | Motor Car | Computers | Office Equipment | Furniture & Fixtures | Total |
|---------------------------------|----------------------|------------------|------------------|-------------------------|---------------------------------|------------------|
| Cost or valuation | | | | | | |
| As at January 1, 2014 | 349,800 | 1,309,957 | 178,043 | 190,400 | 197,200 | 2,225,400 |
| Additions | - | - | - | - | - | - |
| Sales/Disposals/Adjustments | - | - | - | - | - | - |
| As at September 30, 2014 | 349,800 | 1,309,957 | 178,043 | 190,400 | 197,200 | 2,225,400 |
| Additions | - | - | - | 1,350 | - | 1,350 |
| Sales/Disposals/Adjustments | - | - | - | - | - | - |
| As at March 31, 2016 | 349,800 | 1,309,957 | 178,043 | 191,750 | 197,200 | 2,226,750 |
| Depreciation | | | | | | |
| As at January 1, 2014 | - | 269,889 | 61,875 | 12,404 | 19,460 | 363,628 |
| Charge for the year | - | 93,079 | 21,586 | 6,764 | 9,336 | 130,765 |
| Sales/Disposals/Adjustments | - | - | - | - | - | - |
| As at September 30, 2014 | - | 362,968 | 83,461 | 19,168 | 28,796 | 494,393 |
| Charge for the period * | - | 309,071 | 94,582 | 109,341 | 35,039 | 548,033 |
| Sales/Disposals/Adjustments | - | - | - | - | - | - |
| As at March 31, 2016 | - | 672,039 | 178,043 | 128,509 | 63,835 | 1,042,426 |
| Net Block | | | | | | |
| As at September 30, 2014 | 349,800 | 946,989 | 94,582 | 171,232 | 168,404 | 1,731,007 |
| As at March 31, 2016 | 349,800 | 637,918 | - | 63,241 | 133,365 | 1,184,324 |

* Pursuant to the first time applicability of Schedule II of the Companies Act, 2013 to the Company from October 1, 2014, the Company has revised the depreciation rate on fixed assets as per the useful life specified in the said Schedule. Due to this, depreciation for the period from October 1, 2014 to March 31, 2016 is higher by Rs. 285,463/-. Charge of Depreciation is transferred to intangible assets under development.

10 Intangible asset under development

| Particulars | As at 31-Mar-16 | As at 30-Sep-14 |
|--|------------------------|------------------------|
| Contract expenditure - Engineering, Procurement & Construction (EPC) | 7,127,320,763 | 6,831,863,508 |
| Concession fees | 5 | 5 |
| Developer's fees | 470,000,000 | 470,000,000 |
| Professional Fees | 130,879,145 | 95,453,672 |
| Financial expenses | 3,511,153,704 | 2,019,053,072 |
| Administration expenses | 11,831,993 | 7,367,999 |
| Personnel expenses | 16,311,907 | 11,143,856 |
| Insurance expenses | 24,770,075 | 18,861,986 |
| Depreciation | 1,033,777 | 494,393 |
| Total intangible asset under development | 11,293,301,369 | 9,454,238,491 |

11 Loans and advances :

| Particulars | Non Current | | Current | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31-Mar-16 | As at 30-Sep-14 | As at 31-Mar-16 | As at 30-Sep-14 |
| Unsecured, considered good unless stated otherwise | | | | |
| Security deposit | | | | |
| Deposit - rent | 24,000 | 90,000 | - | - |
| | 24,000 | 90,000 | - | - |
| Other loans and advances | | | | |
| Dues from related parties | | | | |
| GIPL | - | - | - | 258,040 |
| Advance given to contractor - GIL | - | 56,431,664 | - | - |
| Advance given to contractor - GIPL | 122,197,960 | - | - | - |
| Prepaid expenses | - | - | 1,758,136 | 3,553,283 |
| Advance Taxes | 1,107,700 | 1,330,400 | - | - |
| Other advances | - | - | 1,388,785 | 7,158 |
| | 123,305,660 | 57,762,064 | 3,146,921 | 3,818,481 |
| Total loans and advances | 123,329,660 | 57,852,064 | 3,146,921 | 3,818,481 |

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| 12 Cash and cash equivalents | As at | As at |
|--|-------------------|------------------|
| Particulars | 31-Mar-16 | 30-Sep-14 |
| Balances with banks : | | |
| In current account | 31,233,277 | 5,904,660 |
| Total cash and cash equivalents | 31,233,277 | 5,904,660 |

| 13 Other Income | As at | As at |
|-------------------------------|------------------|------------------|
| Particulars | 31-Mar-16 | 30-Sep-14 |
| Sundry balances written back | 8,439 | - |
| Interest on Income Tax refund | 29,730 | - |
| Total Other income | 38,169 | - |

| 14 Administrative expenses | Year ended | |
|--------------------------------------|-------------------|------------------|
| Particulars | 31-Mar-16 | 30-Sep-14 |
| Professional fees | - | 90,731 |
| Stamping and franking charges | 1,506,000 | - |
| Filing fees | 14,127 | 7,525 |
| Interest Paid - Others | 46,310 | - |
| Payment to auditors | | |
| Audit fees | 355,010 | 563,111 |
| Out of pocket | 12,865 | 10,604 |
| Total administrative expenses | 1,934,312 | 671,971 |

| 15 Earnings per share ('EPS') | Year ended | |
|--|-------------------|------------------|
| Particulars | 31-Mar-16 | 30-Sep-14 |
| The following reflects the profit and equity share data used in the basic and diluted EPS computation. | | |
| Loss for the period | (1,896,143) | (671,971) |
| Outstanding number of equity shares | 50,000,000 | 2,500,000 |
| Weighted average number of equity shares in calculating EPS | 10,974,453 | 2,500,000 |
| Nominal value of equity shares | 10 | 10 |
| Basic EPS | (0.17) | (0.27) |
| Diluted EPS | (0.17) | (0.27) |

16 Segment reporting

The Company's operations comprise only a single business and geographical segment, namely 'Infrastructure Development' in 'India'.

17 Capital and other commitments

The balance estimated committed capital costs towards EPC contract as on March 31, 2016 is Rs. 1,546,371,881 (as at September 30, 2014 is Rs. 668,136,493).

18 Contingent liabilities

There are no contingent liabilities as at March 31, 2016 and September 30, 2014.

19 Related party disclosures

a) Names of the related parties and related party relationships

Related parties where control exists :

| | |
|---|--------------------------|
| 1. Gammon India Limited | Ultimate holding company |
| 2. Gammon Infrastructure Projects Limited | Holding company |
| 3. Patna buxor Highways Limited (upto March 31, 2016) | Fellow subsidiary |

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b) Related party transactions

| Transactions | Amount |
|---|------------------------------------|
| Equity shares issued Gammon Infrastructure Projects Ltd | 475,000,000 (-) |
| Inter-corporate loan taken Gammon Infrastructure Projects Ltd | 176,800,000 (112,000,000) |
| Advance given Gammon Infrastructure Projects Ltd | 122,197,960 (-) |
| EPC expenditure booked Gammon India Ltd | 315,457,256 (246,486,465) |
| EPC expenditure booked (Change of Scope) Gammon India Ltd. | 92,545,000 (-) |
| Expenses Incurred / Payments made on behalf of us Gammon Infrastructure Projects Ltd | 35,886,517 (6,140,385) |
| Patna Buxor Highways Limited | 8,439 (-) |
| Balances payable waived Patna Buxor Highways Limited | 8,439 (-) |
| Advances receivable Gammon India Ltd | - |
| Gammon Infrastructure Projects Ltd | (56,431,664) 122,197,960 (-) |
| Outstanding loan balances payable Gammon Infrastructure Projects Ltd | 646,050,000 (944,250,000) |
| Outstanding balances payable Gammon India Ltd | 85,073,589 (104,128,938) |
| Gammon Infrastructure Projects Ltd | 31,111,505 (258,040) |
| Outstanding interest payable Gammon Infrastructure Projects Ltd | 1,933,028 (1,933,028) |

(Previous year's figure in brackets)

- 20** As at March 31, 2016, the Company's current liabilities exceeds current assets by Rs. 253,041,112 (September 30, 2014 - Rs. 840,366,585). The Company is taking various steps to meet its commitments, both, short term and long term in nature. The Company has restructured its existing term loan. The Company expects to get the partial completion certificate from NHAI based on the recommendation of the independent engineer. Management is confident that the going concern assumption and the carrying values of the assets and liabilities in these audited financial statements are appropriate. Accordingly the accompanying financial statements do not include any adjustments that may result from these uncertainties.

21 Prior period comparatives

Prior year figures have been regrouped / reclassified wherever necessary. Current period's figures are for the period from October 1, 2014 to March 31, 2016 and that of previous year are for the period from January 1, 2014 to September 30, 2014 and hence are not strictly comparable.

As per our report of even date.

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

For and behalf of the Board of Directors of
Patna Highway Projects Limited

Ruchi Tamhankar
Partner
Membership No. : 136667

Raja Mukherjee
Director
DIN:07008101

MSSV Ramana Murthy
Director
DIN:05177356

Place : Mumbai
Date : May 27, 2016