

DIRECTORS' REPORT

To
The Shareholders of
Vijayawada Gundugolanu Road Project Private Limited

Your Directors have pleasure in submitting their Fifth Annual Report, together with the Audited Accounts of the Company, for the financial year from 1st October, 2014 to 31st March, 2016 (the "Period").

1. FINANCIAL RESULTS

The Company has a loss of Rs.1,71,70,443/- for the Period; which has been carried forward to the Balance Sheet.

2. PROJECT STATUS

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

Operation and maintenance of existing road has been started since the Appointed Date and toll is being collected at two Toll Plazas as per the Concession Agreement provisions. Construction Works for the Project are in progress.

3. DIVIDEND/TRANSFER TO RESERVES:

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

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:

Since the Company does not have any manufacturing facility, the other particulars required to be provided in terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014

are not applicable. The Company has neither earned nor spent any foreign exchange during the Period.

6. PARTICULARS OF EMPLOYEES:

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

7. DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

8. BOARD OF DIRECTORS:

Mr. Sanjay Chaudhary and Mr. Kuldip Daryani joined the Board as the Additional Directors on 29th June, 2015 and 29th March, 2016 respectively and holds office upto the date of the ensuing Annual General Meeting of the Company.

The notices under Section 160 of the Companies Act, 2013, along with the requisite deposits have been received from the members signifying their intention to propose Mr. Sanjay Chaudhary and Mr. Kuldeep Daryani as the candidates to the office of Directors of the Company.

Mr. Mahesh Fogla and Mr. Atulesh Sharma resigned as the Directors of the Company w.e.f. 29th June, 2015 and 29th March, 2016 respectively.

Mr. Subramanya Venkata Ramana Murthy Satya Manapragada, 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:

Eleven Board meetings were held during the financial year. These were held on 3rd November, 2014, 15th November, 2014, 9th February, 2015, 4th March, 2015, 29th April, 2015, 29 June, 2015, 27th August, 2015, 29th October, 2015, 6th February, 2016, 25th February, 2016 and 29th 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:

Name of Director (s)	Number of Meetings held	Attended
Mr. Atulesh Sharma *	8	8
Mr. Subramanya Venkata Ramana Murthy Satya Manapragada	11	7
Mr. Sanjay Chaudhary ***	6	6
Mr. Kuldip Daryani ****	1	1
Mr. Mahesh Fogla****	5	4
Mr. Subhrarabinda Birabar**	2	2

* Appointed as the Director w.e.f. 9th February, 2015 and ceased to be a Director w.e.f. 29th March, 2016.

** Ceased to be a Director w.e.f. 9th February, 2015.

*** Appointed as the Director w.e.f. 29th June, 2015.

**** Ceased to be a Director w.e.f. 29th June, 2015.

***** Appointed as the Director w.e.f. 29th March, 2016.

10. RISK MANAGEMENT:

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, 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. TRANSACTION 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 Nineth annual general meeting. In terms of first proviso to section 139 of the Companies Act, 2013, the appointment of the statutory auditors shall be placed for ratification at every annual general meeting. Accordingly, appointment of M/s. Natvarlal Vepari & Co., Chartered Accountants as statutory auditors of the Company is placed for ratification by the shareholders.

15. AUDITORS' REPORT:

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

16. CHANGE IN THE NATURE OF BUSINESS;

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

17. DEPOSITS

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

18. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

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.

19. 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.

20. SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

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

21. ACKNOWLEDGEMENT

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

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

Sanjay Chaudhary
Director

Kuldip Daryani
Director

Place: Mumbai
Date: 06.06.2016

ANNEXURE II

Form No. MGT-9

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

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary	% of shares held	Applicable Section
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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 (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	100.00	9,998	2	10,000	100.00	

ii. Shareholding of Promoters

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

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

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

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

Sr. No.	Name of Shareholder	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. Shares at the beginning/ end of the year	% of total shares of the company				No. of shares	% of total shares of the company

v. Shareholding of Directors and Key Managerial Personnel- NIL

Sr. No.	Name of Director/Key managerial Personnel	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning / end of the year	% of total shares of the Company				No. of shares	% of total shares of the company

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-Oct-2014)	-	78,51,49,031	--	78,51,49,031
i) Principal Amount	--	--	--	--
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	-	78,51,49,031	--	78,51,49,031
Change in Indebtedness during the financial year	--	--	--	--
- Addition	--	56,22,80,000	--	56,22,80,000
- Reduction	--	--	--	--
Net Change	--	56,22,80,000	--	56,22,80,000
Indebtedness at the end of the financial				

year (31-Mar-2016)				
i) Principal Amount	-	1,34,74,29,031	--	1,34,74,29,031
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	-	1,34,74,29,031	--	1,34,74,29,031

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					
6.	Total (A)					
	Ceiling as per the Act					

B. Remuneration to other directors: NIL

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				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					

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				
6.	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 P. Ltd.

Kulldip Daryani
Director
DIN: 06790262

Sanjay Chaudhary
Director
DIN: 05157682

Place: Mumbai
Date: 06.06.2016

Annexure- II

Form AOC-2

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

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

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

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

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

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements / transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board , if any:	Amount paid as advances, if any:
	(a)	(b)	(c)	(d)	(e)	(f)
1.	Gammon Infrastructure Projects Limited	Routine & Incidental works and up gradation of existing toll plaza	One time transaction	To carry out routine & incidental works and up gradation of the existing toll plaza	29.10.2015	7,18,16,050/-

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

Sanjay Chaudhary
Director
DIN: 05157682

Kuldip Daryani
Director
DIN: 06790262

Place: Mumbai
Date: 06.06.2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Vijayawada Gundugolanu Road Project Private Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vijayawada Gundugolanu Road Project Private 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 and Statement of Profit and Loss 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: June 6, 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 loan of Rs.4,39,812/- to one 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.
- 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 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) There are no disputed amounts that are required to be deposited with the relevant authorities.

c) 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 exceeding fifty percent of its networth. The company has however not incurred any cash losses in the current year and the immediately preceding financial year.
- ix) According to the information and explanations given to us and based on the documents and records produced to us, the company has not obtained any loans from Banks or Financial Institutions. The company has not borrowed any funds by way of debentures. Hence clause 3(ix) of the Companies (Auditors Report) Order 2015 is not applicable.
- x) According to the information and explanations given to 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) The company did not take any term loans during the period and hence clause 3(xi) of Companies (Auditors Report) Order 2015 is not applicable.
- 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: June 6, 2016

VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED
CIN NO: U74990DL2012PTC232205
BALANCE SHEET AS AT MARCH 31, 2016

	Notes	As at March 31, 2016 Rupees	As at September 30, 2014 Rupees
Equity and Liabilities			
Shareholders' funds			
Share Capital	3	100,000	100,000
Reserves and Surplus	4	(22,299,153)	(5,128,710)
		(22,199,153)	(5,028,710)
Non - Current liabilities			
Long - term borrowing	5	1,347,429,031	785,149,031
Deferred tax liability (Net)	6	3,776,711	1,204,445
Other Long term liabilities	8	37,470,676,185	38,458,001,685
Long - term provisions	9	844,297	367,673
		38,822,726,224	39,244,722,833
Current Liabilities			
Short-term borrowings		-	-
Trade payables	7		
- Total outstanding dues of MSME		-	-
- Total outstanding dues of creditors other than MSME		20,063,575	718,976
Other current liabilities	8	744,124,821	717,667,219
Short - term provisions	9	172,928	1,546,143
		764,361,324	719,932,338
TOTAL		39,564,888,395	39,959,626,462
Assets			
Non - current assets			
Fixed assets			
Tangible assets	10	14,281,395	1,553,602
Intangible assets	11	37,988,394,692	38,995,343,338
Capital work-in-progress		-	-
Intangible asset under development	12	414,692,043	395,210,417
Non-current investments		-	-
Deferred tax assets (Net)		-	-
Long-term loans and advances	13	938,234,852	499,366,590
Other non-current assets		-	-
		39,355,602,982	39,891,473,947
Current assets			
Trade Receivables		-	-
Inventories	14	-	82,601
Trade receivables		-	-
Cash and cash equivalents	15	199,840,902	66,401,799
Short-term loans and advances	13	9,444,511	1,668,115
Others current assets		-	-
		209,285,413	68,152,515
TOTAL		39,564,888,395	39,959,626,462
Summary of significant accounting policies	2.1		

As per our report of even date

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

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

Ruchi Tamhankar
Partner
Membership No. 136667

Sanjay Chaudhary
Director
DIN:05157682

Kuldeep Daryani
Director
DIN:06790262

Place : Mumbai
Date : June 6, 2016

VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED
CIN NO: U74990DL2012PTC232205
STATEMENT OF PROFIT AND LOSS FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2016

	Notes	Eighteen Months ended March 31, 2016 Rupees	Nine Months ended September 30, 2014 Rupees
Income			
Revenue from operations	16	1,295,884,892	60,653,810
Other income	17	3,448,843	96,445
Total income (A)		1,299,333,735	60,750,255
Expenses			
Tolling and Maintenance Expenses	18	232,008,392	4,130,231
Personnel Expenses	19	24,929,262	1,251,269
Other Expenses	20	31,089,602	1,207,948
Total Expenses (B)		288,027,256	6,589,448
Earnings before interest, tax, depreciation and amortisation (EBITDA) (A - B)		1,011,306,479	54,160,807
Depreciation and amortisation	9 & 10	1,013,935,785	50,374,701
Finance costs	21	868,871	-
Profit / (Loss) before tax		(3,498,177)	3,786,106
Tax expenses			
Current Tax		11,100,000	800,000
Deferred Tax		2,572,266	1,204,445
Total tax expense		13,672,266	2,004,445
Profit / (Loss) after tax		(17,170,443)	1,781,661
Earnings per equity share ('EPS')			
Nominal value of shares	22	10	10
Basic		(1,717)	178
Diluted		(1,717)	178
Summary of significant accounting policies	2.1		

As per our report of even date

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

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

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Date : June 6, 2016

VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED
CIN NO: U74990DL2012PTC232205
CASH FLOW STATEMENT FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2016

	Eighteen Months ended March 31, 2016 Rupees	Nine Mon September Rup
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax	(3,498,177)	
Non cash adjustments for :		
Baad debts		
Depreciation and amortisation	<u>1,013,935,785</u>	<u>50,374,701</u>
	1,013,935,785	
Operating profit before working capital changes	1,010,437,608	
Movements in working capital :		
Increase / (decrease) in trade payables and other liabilities	(941,070,443)	16,299,816
Decrease / (increase) in trade and other receivables	<u>(446,562,057)</u>	<u>(1,683,516)</u>
	(1,387,632,500)	
Cash (used in) / generated from the operations	(377,194,892)	
Direct Taxes paid	<u>(12,449,447)</u>	
Net Cash (used in) / generated from the operations	<u>(389,644,339)</u>	
B. CASH FLOW FROM INVESTMENT ACTIVITIES :		
Payments made towards purchase of tangible asset	(19,714,932)	(1,237,085)
Payments made towards purchase of intangible asset	-	-
Payments made towards intangible asset under development	(19,481,626)	(26,523,918)
Finance Cost capitalised	<u>-</u>	<u>13,389,165</u>
	(39,196,558)	
Net Cash (used in)/from Investment activities	<u>(39,196,558)</u>	
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Amount received towards inter corporate deposits	606,280,000	18,685,510
Amount refunded towards inter corporate deposits	(44,000,000)	-
Finance Cost Capitalised	<u>-</u>	<u>(13,389,165)</u>
	562,280,000	
Net Cash (used in)/from financing activities	<u>562,280,000</u>	
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>133,439,103</u>	
Closing Balance of Cash and Cash Equivalents	199,840,902	
Opening Balance of Cash and Cash Equivalents	<u>66,401,799</u>	
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>133,439,103</u>	
Components of Cash and Cash Equivalents		
Cash and Cheques on hand	2,334,782	
With Banks :		
- On Current Account	<u>197,506,120</u>	
Total Components of Cash and Cash Equivalents	<u>199,840,902</u>	

Note : Figures in brackets denote outflows.

As per our report of even date

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

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

Ruchi Tamhankar
Partner
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Kuldeep Daryani
Director
DIN:06790262

Place : Mumbai
Date : June 6, 2016

ths ended
r 30, 2014
ees

3,786,106

50,374,701
54,160,807

14,616,300
68,777,107
-
68,777,107

(14,371,838)
(14,371,838)

5,296,345
5,296,345

59,701,614
66,401,799
6,700,185
59,701,614

1,987,196

64,414,603
66,401,799

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2016

1 Corporate profile

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

In terms of the Concession the Company is required to pay additional concession fees for collecting the toll on the four lane project.

2 Basis of preparation

The Financial Statements have been prepared to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 (which are deemed to be applicable as per section 133 of the Companies Act 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act 2013. The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting.

The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than twelve months and therefore all current and non-current classifications are done based on the status of realisability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date as required by Schedule III to the Companies Act, 2013.

The accounting policies discussed more fully below, 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 judgements, 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 assets

Tangible 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. Any trade discounts and rebates are deducted in arriving at the cost of the tangible asset. Any subsequent expenses related to a tangible 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.

Depreciation on tangible assets

Depreciation on all assets of the Company is charged on written down method over the useful life of assets at the rates and in the manner provided in Schedule II of the Companies Act 2013 for the proportionate period of use during the year. Depreciation on assets purchased /installed during the year is calculated on a pro-rata basis from the date of such purchase /installation.

Gains or losses arising from derecognition of tangible 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.

Intangible assets

Intangible asset comprises of the cost of the additional concession fees payable to the concessionaire over the period of concession in terms of the concession agreement.

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 asset 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 asset, are capitalised to the project asset till the date of completion of development.

Amortisation of intangible assets

The toll concession rights are being amortised over the revenues projected by the company after adjusting for escalation of prices as per the provisions of the concession agreement.

c. Provision for 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 Income Tax Act, 1961 enacted in India.

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.

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.

d. 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.

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.

e. Borrowing costs

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.

f. 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.

i. Employee Benefits

Retirement benefits in the form of Provident Fund is a defined contribution scheme and contributions are charged to the Statement of Profit and Loss for the year when the contributions are due.

Gratuity liability, a defined benefit obligation, is provided for on the basis of, an actuarial valuation on projected unit credit method, made at the end of each financial year.

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefit. 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 on projected unit credit method made at the end of each financial year.

Actuarial gains/losses are immediately taken to Statement of Profit and Loss and are not deferred.

j. Cash and cash equivalents

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

k. Contingent Liability

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.

l. 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.

m. Measurement of EBITDA

As permitted by the *Guidance Note on the Revised Schedule VI to the Companies Act, 1956*, the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. 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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VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED

CIN NO: U74990DL2012PTC232205

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016

3 Share capital

Particulars	As at	
	March 31, 2016	September 30, 2014
	Rupees	Rupees
Authorised shares :		
10,00,00,000 equity shares of Rs. 10/- each	1,000,000,000	1,000,000,000
Total	1,000,000,000	1,000,000,000
Issued, subscribed and fully paid-up shares :		
10,000 (previous period - 10,000) equity shares of Rs. 10/- each	100,000	100,000
Total issued, subscribed and fully paid-up share capital	100,000	100,000

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

Name of the registered shareholder	As At		As At	
	March 31, 2016		September 30, 2014	
	Numbers	Rupees	Numbers	Rupees
Gammon Infrastructure Projects Limited (GIPL)	10,000	100,000	10,000	100,000
Total	10,000	100,000	10,000	100,000

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

Particulars	As At		As At	
	March 31, 2016		September 30, 2014	
	Numbers	Rupees	Numbers	Rupees
At the beginning of the period	10,000	100,000	10,000	100,000
Subscribed by promoter company	-	-	-	-
Outstanding at the end of the period	10,000	100,000	10,000	100,000

c) 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.

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	
	March 31, 2016		September 30, 2014	
	Numbers	% of holding	Numbers	% of holding
Equity shares of Rs 10 each fully paid up				
Gammon Infrastructure Projects Limited (Holding Company)	10,000	100.00%	10,000	100.00%

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.

4 Reserves and surplus :

Particulars	As at	
	March 31, 2016	September 30, 2014
	Rupees	Rupees
Surplus in the statement of profit and loss		
Opening balance	(5,128,710)	(6,910,371)
Add : Profit / (Loss) for the period	(17,170,443)	1,781,661
Net surplus in the statement of profit and loss	(22,299,153)	(5,128,710)
Total Reserves and Surplus	(22,299,153)	(5,128,710)

5 Long - term borrowing

Particulars	As at	
	March 31, 2016	September 30, 2014
	Rupees	Rupees
Unsecured loan		
Interest Free Intercorporate deposit from Gammon Infrastructure Projects Ltd (Repayment is due at March 31, 2018)	1,347,429,031	785,149,031
	1,347,429,031	785,149,031

6 Deferred Tax Liabilities

The major components of deferred tax assets and liabilities are as given below:

Particulars	As at	
	March 31, 2016	September 30, 2014
	Rupees	Rupees
Deferred Tax Liability on account of:		
- Depreciation	5,201,352,775	18,853,195
Deferred Tax Asset on account of:		
- Unabsorbed losses	5,197,576,064	17,648,751
Deferred Tax Liability, net	3,776,711	1,204,445

The Company has recognised deferred tax asset on unabsorbed business losses and depreciation as per tax laws to the extent of deferred tax liability following the EAC opinion that, to the extent of deferred tax liability there is virtual certainty that there will be sufficient profits arising out of reversal of the deferred tax liability to absorb the unabsorbed depreciation / losses.

7 Trade Payables

Particulars	Non Current		Current	
	March 31, 2016	September 30, 2014	March 31, 2016	September 30, 2014
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Total outstanding dues of MSME	-	-	-	-
Total outstanding dues of creditors other than MSME	-	-	20,063,575	718,976
	-	-	20,063,575	718,976

VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED

CIN NO: U74990DL2012PTC232205

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016

8 Other Liabilities

Particulars	Non Current		Current	
	March 31, 2016 (Rupees)	September 30, 2014 (Rupees)	March 31, 2016 (Rupees)	September 30, 2014 (Rupees)
Other liabilities				
Deferred Payment liability (Additional Concession fees)^(37,470,676,185	38,458,001,685	685,083,000	587,693,750
Advance against shares*	-	-	-	99,900,000
Statutory dues	-	-	8,708,834	3,207
Dues to related party	-	-	-	-
Gammon Infrastructure Projects Limited	-	-	3,788,630	25,533,143
Birmatrapur Barkote Highways Pvt Ltd	-	-	362,347	362,347
Deposit for Directorship (GIPL)	-	-	-	-
Other liabilities	-	-	46,182,010	4,174,772
Total other liabilities	37,470,676,185	38,458,001,685	744,124,821	717,667,219

^ The company commenced toll operations from September 1, 2014, being the appointed date as per the terms of the concession agreement for the project. As per the terms of the said agreement the company is required to pay an amount of Rs. 575,700,000/- as additional concession fee on an annual basis which is to be increased by an annual escalation factor. The company has recognized the total additional concession fees payable over the concession period as per the said agreement as part of Intangible Assets - 'Toll Collection rights' and is amortising it over the period of the concession agreement in terms of Schedule XIV of the Companies Act 1956 for BOT contracts and a corresponding obligation has been recorded as Deferred Payment Liabilities under Long term Liabilities.

* The Company has refunded the advance against shares to Simplex Infrastructure Development Limited (Rs. 49,000,000/-) during the year and the terms of the balance Rs. 50,100,000/- received from the parent Company have been modified to treat the same as ICD due on March 31, 2018 for which necessary effects have been given in the financials.

9 Provisions

Particulars	Non Current		Current	
	March 31, 2016 Rupees	September 30, 2014 Rupees	March 31, 2016 Rupees	September 30, 2014 Rupees
Provision for employee benefits (refer note 8(a)) :				
Provision for gratuity	204,650	81,180	41,916	114,211
Provision for leave encashment	639,647	286,493	131,012	631,932
	844,297	367,673	172,928	746,143
Provision for taxation :				
Provision for Taxes	-	-	-	800,000
	-	-	-	800,000
Total provision	844,297	367,673	172,928	1,546,143

9.1 Gratuity

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.

The following tables summarise the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet.

Particulars	Net employees benefit expense (recognized in Personnel expenses under Intangible asset under development)	
	18 months ended March 31, 2016	9 months ended September 30, 2014
Current Service Cost	90,865	158,397
Interest Cost	26,378	14,377
Liability Transferred in	-	-
Actuarial (Gain)/Loss	(66,068)	(139,266)
Total	51,175	33,508

Particulars	Actuarial (Gain)/Loss	
	18 months ended March 31, 2016	9 months ended September 30, 2014
Actuarial (Gain)/Loss	(66,068)	(139,266)
Experience adjustment	-	-
Changes in Actuarial assumptions	(66,068)	(139,266)

The provision for gratuity as at March 31, 2016 is Rs. 246,566 (Previous period: Rs. 195,391).

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

Particulars	Defined benefit obligation at the beginning	
	18 months ended March 31, 2016	9 months ended September 30, 2014
Defined benefit obligation at the beginning	195,391	161,883
Expense as above	51,175	33,508
Liability Transferred in	-	-
Actuarial (Gain)/Loss	-	-
Less : Benefit Paid	-	-
Defined Benefit Obligation at end	246,566	195,391

As the Company's gratuity obligation is fully unfunded, 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	Principal assumptions used in determining the gratuity obligations	
	18 months ended March 31, 2016	9 months ended September 30, 2014
Discount rate	9.00%	9.00%
Expected rate of return on plan assets	Not applicable	Not applicable
Attrition rate	17.00%	2.00%
Salary Escalation	5.00%	5.00%
Retirement age	60 years	60 years

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.

VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED

CIN NO: U74990DL2012PTC232205

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016

10 Tangible assets

Particulars	P&M	Computer	Furniture & Fixture	Office Equipments	Total (Rupees)
Cost or valuation					
As at January 1, 2014	-	211,436	200,146	16,000	427,582
Additions	-	160,665	460,884	615,536	1,237,085
Sales/Disposals/Adjustments	-	-	-	-	-
As at September 30, 2014	-	372,101	661,030	631,536	1,664,667
Additions	7,993,640	11,546,439	92,880	81,973	19,714,932
Sales/Disposals/Adjustments	-	-	-	-	-
As at March 31, 2016	7,993,640	11,918,540	753,910	713,509	21,379,599
Depreciation					
As at January 1, 2014	-	39,669	15,376	923	55,968
Charge for the period	-	36,247	14,283	4,567	55,097
Sales/Disposals/Adjustments	-	-	-	-	-
As at September 30, 2014	-	75,916	29,659	5,490	111,065
Charge for the period	667,352	6,000,016	114,482	205,289	6,987,139
Sales/Disposals/Adjustments	-	-	-	-	-
As at March 31, 2016	667,352	6,075,932	144,141	210,779	7,098,204
Net Block					
As at September 30, 2014	-	296,185	631,371	626,046	1,553,602
As at March 31, 2016	7,326,288	5,842,608	609,769	502,730	14,281,395

* 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. 49,09,466/-. Charge of Depreciation is transferred to statement of profit and loss.

11 Intangible assets

Particulars	Toll collection rights
Cost or valuation	
As at January 1, 2014	-
Additions	39,045,695,435
Sales/Disposals/Adjustments	-
As at September 30, 2014	39,045,695,435
Additions	-
Sales/Disposals/Adjustments	-
As at March 31, 2016	39,045,695,435
Depreciation	
As at January 1, 2014	-
Charge for the period	50,352,097
Sales/Disposals/Adjustments	-
As at September 30, 2014	50,352,097
Charge for the period	1,006,948,646
Sales/Disposals/Adjustments	-
As at March 31, 2016	1,057,300,743
Net Block	
As at September 30, 2014	38,995,343,338
As at March 31, 2016	37,988,394,692

Amortisation of intangible assets being the right to collect toll from existing carriage way has been carried out in the manner specified in the Schedule II of the The Companies Act. On account of the financial closure not being complete the depreciation is computed estimating the expected revenue over the concession period considering an annual increase of 4% which is towards inflation and traffic growth. On completion of the financial closure the amortisation will be recomputed considering the projected income considered in the financial closure.

12 Intangible asset under development

Particulars	As at March 31, 2016 Rupees	As at September 30, 2014 Rupees
Concession Fees	2	2
Developer fees	227,331,451	227,331,451
Project Expenses	19,481,626	-
Finance expenses		
Interest expense	14,551,641	14,551,641
Other finance cost	106,060,842	106,060,842
Personnel expenses	26,178,754	26,178,754
Depreciation	88,461	88,461
Administration expenses		
Professional fees	11,953,202	11,953,202
Travelling cost	2,347,887	2,347,887
Others	6,698,177	6,698,177
Total intangible asset under development	414,692,043	395,210,417

VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED

CIN NO: U74990DL2012PTC232205

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016

13 Loans and advances

Unsecured, considered good unless stated otherwise

Particulars	Non Current		Current	
	March 31, 2016 (Rupees)	September 30, 2014 (Rupees)	March 31, 2016 (Rupees)	September 30, 2014 (Rupees)
Security deposit	205,940	65,500	-	-
(A)	205,940	65,500	-	-
Other loans and advances				
Mobilisation Advance (given to GIPL)	541,479,465	499,185,465	-	-
EPC Advance (given to GIPL)	396,000,000	-	-	-
Due From Related Party	-	-	439,812	-
Rajahamundry Godavari Bridge Ltd	-	-	9,003,899	-
Prepaid Expenses	549,447	-	-	-
Advance Income Tax (net of Provision for Taxations)	-	115,625	800	1,668,115
Other loans and advances	-	-	-	-
(B)	938,028,912	499,301,090	9,444,511	1,668,115
Total loans and advances	938,234,852	499,366,590	9,444,511	1,668,115
Total of Loans and Advances with related parties	937,479,465	499,185,465	-	-

14 Inventories

Particulars	As at March 31, 2016 Rupees	As at September 30, 2014 Rupees
Inventories	-	82,601
Total Inventories	-	82,601

15 Cash and cash equivalents

Particulars	As at March 31, 2016 Rupees	As at September 30, 2014 Rupees
Cash and cash equivalents		
Cash in hand	2,334,782	1,987,196
Balances with banks :		
In Current Account	197,506,120	64,414,603
Total Cash and cash equivalents	199,840,902	66,401,799

16 Revenue from operations

Particulars	Period ended March 31, 2016 Rupees	Period ended September 30, 2014 Rupees
Toll revenue	1,240,627,305	60,653,810
Income from Maintenance	55,257,587	-
Total Revenue from operations	1,295,884,892	60,653,810

17 Other Income

Particulars	Period ended March 31, 2016 Rupees	Period ended September 30, 2014 Rupees
Interest income	11,986	-
Sundry balances written back	619,650	-
Profit on sale of investments	2,817,207	96,445
Total Other Income	3,448,843	96,445

18 Tolling and Maintenance Expenses

Particulars	Period ended March 31, 2016 Rupees	Period ended September 30, 2014 Rupees
Sub-Contractor Expenses (CoS)	53,187,800	3,726,607
Tolling Expenses	45,275,984	-
Maintenance Expenses	133,544,608	403,624
Total Other Income	232,008,392	4,130,231

19 Personnel Expenses

Particulars	Period ended March 31, 2016 Rupees	Period ended September 30, 2014 Rupees
Salaries, wages and bonus	24,643,768	1,292,015
Gratuity	51,175	-
Ex gratia	108,553	-
LTA	245,466	-
Leave encashment	(121,600)	(48,632)
Other expenses	1,900	7,886
Total Personnel Expenses	24,929,262	1,251,269

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016

20 Other expenses	Period ended March 31, 2016 Rupees	Period ended September 30, 2014 Rupees
Particulars		
Professional fees	16,932,618	-
Bank Charges	12,862	-
Printing and Stationary	5,671	-
Travelling Expenses	524,758	219,958
Hire of Motor Car	16,386	-
Computer Expenses	21,600	-
Rent Expenses	121,000	76,500
Safety Materials	-	-
Fuel & Lube Expenses	-	19,360
Insurance Expenses	15,055	510,195
Advertisement expenses	224,896	-
ROC fees	19,730	9,545
Bank guarantee commission	12,305,584	-
Payment to Auditor :		
for audit fees including Tax audit	468,220	200,000
for other matters and certification	104,467	70,694
Other Miscellaneous Expenses	316,755	101,696
Total other expenses	31,089,602	1,207,948

21 Finance Cost	Period ended March 31, 2016 Rupees	Period ended September 30, 2014 Rupees
Particulars		
Other Finance Charges	868,871	-
Total Finance Cost	868,871	-

22 Earnings per Share (EPS)	Period ended March 31, 2016	Period ended September 30, 2014
The following reflects the profit and equity share data used in the basic and diluted EPS computation.		
Particulars		
Profit after tax (PAT) (Rs.)	(17,170,443)	1,781,661
Outstanding number of equity shares	10,000	10,000
Weighted average number of equity shares for Basic EPS	10,000	10,000
Weighted average number of equity shares for Diluted EPS	10,000	10,000
Nominal value of equity shares (Rs. per share)	10	10
Basic EPS (Rs.)	(1,717.04)	178.17
Diluted EPS (Rs.)	(1,717.04)	178.17
(for calculation of diluted EPS, the weighted average no. of shares are restricted to 10,000)		

23 Related party transactions

a) Names of the related parties and related party relationships

Related parties where control exists :

- Gammon Infrastructure Projects Limited - holding Company

Fellow subsidiaries & Others:

- Birmitrapur Barkote Highways Pvt Ltd
- Rajahmundry Godavari Bridge Limited

b) Related party transactions

(Comparative figures are in brackets)

Transactions	Entities where control exists	Fellow subsidiaries & others	Total
Maintenance expense incurred			
Gammon Infrastructure Projects Limited	71,816,050	-	71,816,050
	(-)	(-)	(-)
Finance Received			
Gammon Infrastructure Projects Limited	606,280,000	-	606,280,000
	(18,685,510)	(-)	(-)
Finance Refunded			
Gammon Infrastructure Projects Limited	44,000,000	-	44,000,000
	(-)	(-)	(-)
Expenses incurred on behalf of the Company :			
Gammon Infrastructure Projects Ltd.	58,792,725	-	58,792,725
	(17,300,833)	(-)	(-)
Expenses incurred by the Company :			
Rajahmundry Godavari Bridge Limited	439,812	-	439,812
	(-)	(-)	(-)
Fixed Assets Purchased			
Birmitrapur Barkote Highways Pvt Ltd	-	-	-
	(-)	(362,347)	(-)
Repayment of expenses incurred on behalf of us:			
Gammon Infrastructure Projects Ltd.	79,037,237	-	79,037,237
	(1,613,768)	(-)	(-)
Mobilisation advance paid:			
Gammon Infrastructure Projects Ltd.	42,294,000	-	42,294,000
	(-)	(-)	(-)
EPC advance paid:			
Gammon Infrastructure Projects Ltd.	396,000,000	-	396,000,000
	(-)	(-)	(-)
Outstanding balance Receivable			
Rajahmundry Godavari Bridge Limited	-	439,812	439,812
	(-)	(-)	(-)
Outstanding balance payable			
Birmitrapur Barkote Highways Pvt Ltd	-	362,347	362,347
	(-)	(362,347)	(-)
Gammon Infrastructure Projects Ltd.	413,738,196	-	413,738,196
	(306,996,708)	(-)	(306,996,708)

(Previous period's figure in brackets)

VIJAYAWADA GUNDUGOLANU ROAD PROJECT PRIVATE LIMITED

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016

24 Contingent Liabilities

On account of the delays in financial closure, the project is not expected to finish the construction phase within the scheduled completion initially envisaged. The management is in active discussion with NHAI including obtaining permission for harmonious substitution of the parent with another entity. The Company does not expect exercise of the penal provision of the concession agreement by NHAI. The Independent Engineer, has recommended a penalty of Rs. 43,27,88,000/- to NHAI for delay in execution till Mar'16.

25 Capital and other commitments

Estimated amount of capital commitment remaining to be executed on as on March 31, 2016 is Rs. 19,618,638,846/- (September 30, 2014 : Rs. 19,971,334,358/-)

26 Segmental reporting

The Company has been incorporated as a Special Purpose Vehicle for carrying out a single infrastructure activity of Road under Public Private Partnership scheme.

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

27 In the opinion of the management, accounts receivables and Loans and advances have a realizable value in the ordinary course of business not less than the amount at which they are stated in the balance sheet and provision for all known liabilities and doubtful assets have been made.

28 Prior year figures have been regrouped / reclassified wherever necessary. The current period is from October 1, 2014 to MArch 31, 2016. The comparative figures for the previous period are for a period from 1st January 2014 to 30th September 2014. The figures for both these periods are therefore not strictly comparable.

As per our report of even date

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

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

Ruchi Tamhankar
Partner
Membership No. 136667

Sanjay Chaudhary
Director
DIN:05157682

Kuldeep Daryani
Director
DIN:06790262

Place : Mumbai
Date : June 6, 2016