

Manubhai & Shah LLP

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To The Members of Mysore Bellary Highway Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Mysore Bellary Highway Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 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 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 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 there under.

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 the 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

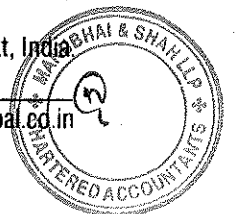
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Ahmedabad • Mumbai • Rajkot • Jamnagar

Manubhai & Shah (Registration No. GUJ/AHD/33849) a Partnership Firm was converted into Manubhai & Shah LLP (LLP identification No.AAG-0878) a Limited Liability Partnership with effect from 1st April, 2016



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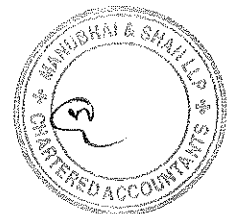
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 loss 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid 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 the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure - B"
 - (g) 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 did not have any pending litigations which would impact its financial position.



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- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Registration No.106041W



Place: Ahmedabad
Date : April 21, 2016

A handwritten signature in black ink, appearing to read "H.M. Pomal".

(H.M.Pomal)
Partner
Mem. No. 106137

Annexure "A" to the Independent Auditors' Report

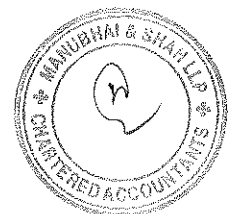
The Annexure referred to in Para 1 of Report on Other Legal and Regulation Requirements to in our Independent Auditors' Report to the members of the Mysore Bellary Highway Private Limited on the financial statements for the year ended 31st March 2016, we report that:

- (i) The company did not have any completed assets during the year, as it is in the process of developing road project. Hence, the reporting requirement of paragraph 3(i) of the Order is not applicable.
- (ii) The Company had no inventory during and at the year end. Therefore, the reporting requirements of paragraph 3(ii) of the Order is not applicable.
- (iii) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Therefore, the reporting requirements of paragraph 3 (iii) of the Order are not applicable.
- (iv) The Company has not given loans, made investments or provided guarantees or security, attracting the provisions of sections 185 and 186 of the Act. Hence the reporting requirements of paragraph 3(iv) of the Order are not applicable.
- (v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) The maintenance of cost records prescribed by the Central Government under section 148(1) of the Act is not applicable to the company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty , value added tax, cess and other material statutory dues as applicable have been regularly deposited during the year by the Company with the appropriate authorities except that there was some delay on few occasions in depositing service tax and tax deducted at source.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, value added tax, cess and other material statutory dues were in arrears as at 31st March 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of income tax , wealth tax, duty of excise, duty of customs, sales tax or service tax or value added tax or cess which have not been deposited with the appropriate authorities on account of any dispute.

- (viii) Based on our audit procedure and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company has not borrowed or raised any money from debenture holders during the year.



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- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). According to the information and explanation given to us, the term loan raised were prima facie been either used for the purpose for which they were raised or pending utilization have been temporarily invested in units of mutual funds.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the Management, we report that no material fraud on or by the Company has been noticed or reported during the year.
- (xi) No managerial remuneration has been paid or provided by the Company during the year. Accordingly the reporting requirement of paragraph 3(xi) of the Order is not applicable.
- (xii) In our opinion the Company is not a Nidhi Company. Therefore the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanation given to us and on the basis of our examination of the records of the Company, all the transactions with related parties are in compliance with Sections 177 and 188 of the Act where applicable and also the details which have been disclosed in the Financial Statements are in accordance with the applicable Accounting Standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence the reporting requirement of paragraph 3(xiv) of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly reporting requirement of paragraph 3(xv) of the Order are not applicable to the Company.
- (xvi) According to the information given and as explained to us, the company is not required to get itself registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence the reporting requirement under paragraph 3(xvi) of the order is not applicable.

Place: Ahmedabad
Date: April 21, 2016



For Manubhai and Shah LLP
Chartered Accountants
ICAI Firm's Registration No.106041W

(H.M.Pomal)

Partner

Mem. No. 106137

Report on Internal Financial Controls Over Financial Reporting

Annexure "B" To The Independent Auditor's Report Of Even Date On The Financial Statements Of Mysore Bellary Highway Private Limited

Report on the Internal Financial Controls under Clause (l) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Bhilwara Rajsamand Tollway Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;



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- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Ahmedabad
Date: April 21, 2016



For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Registration No.106041W

(H.M. Pomal)
Partner
Mem. No.106137


Mysore-Bellary Highway Private Limited
Balance Sheet as at March 31, 2016

(₹ in Million)

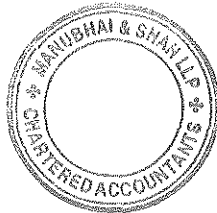
Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
I Equity and Liabilities			
(1) Shareholders' funds			
Share capital	2	790.70	455.40
Reserves and surplus	3	817.21	(7.07)
		1,607.91	448.33
(2) Non-Current Liabilities			
Long Term Borrowings	4	2,700.00	670.00
(3) Current liabilities			
Short term Borrowings	5	228.12	0.90
Other Current Liabilities	6	310.04	281.62
		538.16	282.52
Total		4,846.07	1,400.85
II Assets			
(1) Non-current assets			
Fixed Assets- Intangible Asset under Development	7	4,688.86	715.53
Long-Term Loans and Advances	8	118.91	684.00
		4,807.77	1,399.53
(2) Current assets			
Current Investments	9	23.80	-
Cash and Cash Equivalents	10	3.48	1.26
Other Current Assets	11	11.02	-
Short-Term Loans and Advances	12	-	0.06
		38.30	1.32
Total		4,846.07	1,400.85
Significant Accounting Policies	1		

Accompanying notes are an integral part of the Financial Statements

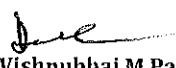
As per our report of even date
For Manubhai & Shah LLP
Chartered Accountants
Firm Registration No. 106041W


(H.M. Pomal)
Partner
Membership No. 106137

Place : Ahmedabad
Date : 21.04.2016



For & on behalf of the Board of Director of
Mysore-Bellary Highway Private Limited


(Vishnubhai M Patel)
Director
DIN: 00048287

Place : Ahmedabad
Date : 21.04.2016


(Vasistha Patel)
Director
DIN: 00048324



Mysore-Bellary Highway Private Limited
Statement of Profit and Loss for the year ended March 31, 2016

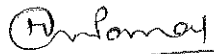
(₹ in Million)

Particulars	Note No.	Year Ended March 31, 2016	Year Ended March 31, 2015
Expenses:			
Finance Costs			
Interest on Late Payment of Statutory Dues (P.Y. ₹ 600/-)			*
Other Expenses			
Stamp duty and filing fees		0.35	7.04
Preliminary Expenses written off		-	0.03
		0.35	7.07
Total Expenses		0.35	7.07
(Loss) for the year		(0.35)	(7.07)
Earning per equity share of ₹10/- Each	16		
(1) Basic		(0.01)	(0.96)
(2) Diluted		(0.01)	(0.96)
Significant Accounting Policies	1		

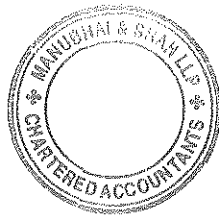
* Amount is below rounding off norm adopted by the Company

Accompanying notes are an integral part of the Financial Statements

As per our report of even date
For Manubhai & Shah LLP
Chartered Accountants
Firm Registration No. 106041W

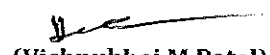


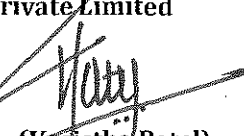
(H.M. Pomal)
Partner
Membership No. 106137



Place : Ahmedabad
Date : 21.04.2016

For & on behalf of the Board of Director of
Mysore-Bellary Highway Private Limited


(Vishnubhai M Patel)
Director
DIN: 00048287


(Vasistha Patel)
Director
DIN: 00048324

Place : Ahmedabad
Date : 21.04.2016



Mysore-Bellary Highway Private Limited
Cash Flow Statement for the year ended March 31, 2016

(₹ in Million)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
(A) Cash flows from operating activities		
Net (Loss) before tax	(0.35)	(7.07)
Net cash (used in) operating activities (A)	(0.35)	(7.07)
(B) Cash Flows from investing activities		
Road Development Expenditure including capital advances	(3,202.16)	(1,351.03)
Addition in expenditure (excluding Finance cost) during construction period	(43.26)	(5.44)
(Increase)/ decrease in Current Assets	(11.02)	
Investments in Mutual Fund	(23.80)	
(Increase)/ Decrease in short term loans and advances	0.06	(0.06)
Increase/ (Decrease) in other current liabilities	28.42	281.62
Net cash (used in) investing activities (B)	(3,251.76)	(1,074.91)
(C) Cash Flows from financing activities		
Proceeds from issue of shares	335.30	455.40
Proceeds from long term borrowings	2,030.00	670.00
Grant Received from KSHIP	824.63	
Loan in Lieu of Grant Received	883.00	
Loan in Lieu of Grant Repaid	(662.28)	
Unsecured loan taken from Holding Company	6.50	39.57
Unsecured loan repaid to Holding Company	-	(38.67)
Finance costs	(162.82)	(43.06)
Net cash generated from financing activities (C)	3,254.33	1,083.24
Net increase in cash and cash equivalents (A + B + C)	2.22	1.26
Cash and cash equivalents at beginning of the Year	1.26	-
Cash and cash equivalents at end of the Year	3.48	1.26

Notes:

(i) Components of cash and cash equivalents	(₹ in Million)	
	As at March 31, 2016	As at March 31, 2015
Cash on hand	0.01	0.01
Balances with banks in current accounts	3.47	1.25
Cash and cash equivalents (Refer Note 10)	3.48	1.26

(ii) The cash flow statement has been prepared under indirect method as per Accounting Standard -3 "Cash Flow Statement".

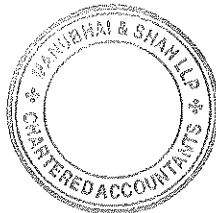
(iii) Figures in brackets represent outflows.

As per our report of even date
For Manubhai & Shah LLP
Chartered Accountants
Firm Registration No. 106041W


(H.M. Pomal)

Partner
Membership No. 106137


Place : Ahmedabad
Date : 21.04.2016



For & on behalf of the Board of Director of
Mysore-Bellary Highway Private Limited


(Vishnubhai M Patel)
Director
DIN: 00048287

Place : Ahmedabad
Date : 21.04.2016


(Vasishtha Patil)
Director
DIN: 00048324



Mysore-Bellary Highway Private Limited

Notes on accounts forming part of Financial Statements

Overview of the Company :

Mysore-Bellary Highway Private Limited ("the Company") was incorporated as a Special Purpose Vehicle (SPV) in February, 2014, for Design, Build, Finance, Operate, Maintain and Transfer (DBFOMT) of Existing State Highway(SH-3 & 33) from Malavalli to Pavagada (Approx Length 193.344 Kms) in the State of Karnataka on DBFOMT Annuity Basis. The Company has entered into Concession Agreement with Government of Karnataka (Karnataka State Highways Improvement Project) (KSHIP) with a Concession Period of 10 years. The Concession period includes construction period of 910 days.

1 Statement of Significant Accounting Policies :

1.1 Basis of preparation of Financial Statements :

The Financial Statements are prepared to comply in all material respects with the Accounting Standards as specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and the other Accounting principles generally accepted in India. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hereto in use.

1.2 Use of Estimates

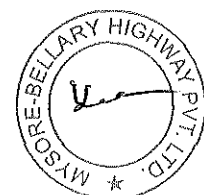
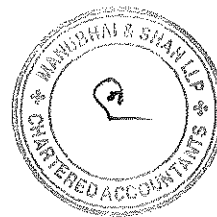
The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

1.3 Tangible Assets :

Tangible Assets are stated at cost less accumulated depreciation and impairment losses, if any. Direct cost comprises of all expenditure of capital in nature attributable to bringing the tangible fixed asset to working condition for its intended use and incidental expenses including interest relating to acquisition, until fixed assets are ready to be put to use.

1.4 Intangible Asset under development:

- (i) Intangible asset under development comprises of road development cost including other capital assets till they are ready for their intended use as at the reporting date of the financial statements as well as "Expenditure during construction period (pending allocation)" These shall be capitalised as an intangible asset on Commercial Operation Date (COD).



Mysore-Bellary Highway Private Limited

Notes on accounts forming part of Financial Statements

- (ii) Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during the construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Income earned during construction period is deducted from the total of the indirect expenditure. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto, is charged to Statement of Profit and Loss.

1.5 Depreciation and Amortisation:

(i) Depreciation

Depreciation on tangible assets is provided on Written Down Value (WDV) method over the useful lives of the assets as prescribed under Schedule II to the Companies Act, 2013. In respect of fixed assets purchased/ sold during the year, depreciation is provided on a pro-rata basis from/ upto the date on which such asset is ready to be put to use/ sold as the case may be. Tangible project assets, are amortized on straight line basis from the date on which such project asset is ready to be put to use till the end of concession period.

(ii) Amortisation

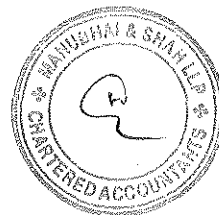
- (a) Toll Collection Rights are amortised based on proportion of actual revenue received during the accounting year to the total projected revenue till the end of the concession period prescribed under Schedule II to the Companies Act, 2013.
- (b) The total projected revenue for the entire useful life is reviewed at the end of each financial year for expected changes in traffic and adjusted to reflect any changes in the estimate which will lead to actual collection at the end of useful life.

1.6 Impairment of Assets:

- (i) The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal/external factors. On such indication, the recoverable amount of the assets is estimated and if such estimation is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

1.7 Revenue Recognition :

- (i) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (ii) Gain / Loss on Sale of Units of Mutual Fund and dividend income from investment in units of mutual fund is recognised on realisation.
- (iii) Interest on deposits, investments and loan given is recognised on a time proportion basis taking into account the amount invested and the rate applicable.



Mysore-Bellary Highway Private Limited

Notes on accounts forming part of Financial Statements

1.8 Investments:

- (i) Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.
- (ii) Current investments are carried at lower of cost and fair value. Long term investments are carried at cost less provision for diminution, other than of temporary nature, in value of such investments.

1.9 Borrowing Costs:

Borrowing costs directly attributable to the acquisition and construction of qualifying assets are capitalized as part of cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of time to get ready for its intended use. All other borrowing costs, if any, are charged to the Statement of Profit & Loss as period costs.

1.10 Grant

Grant received from Karnataka State Highways Improvement Project (KSHIP) is in the nature of promoters' contribution. Hence treated as capital receipt and is accounted as Capital Reserve.

1.11 Leases:

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

1.12 Earnings Per Share:

Basic 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.

1.13 Taxes on Income:

Income Tax expense comprises of current tax and deferred tax (charge or credit).

- (i) Current tax is determined as the amount of tax payable in respect of taxable income for the year. Provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions under the Income Tax Act, 1961.
- (ii) 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 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.



Mysore-Bellary Highway Private Limited

Notes on accounts forming part of Financial Statements

- (iii) Deferred Tax Assets and Deferred Tax Liabilities are reviewed for appropriateness of their respective carrying values at each balance sheet date.

1.14 Provisions, Contingent Liabilities and Contingent Assets:

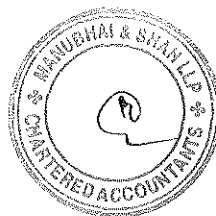
- (i) A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- (ii) Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

1.15 Cash and Cash Equivalents:

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

1.16 General

Any other accounting policy not specifically referred to are consistent with generally accepted accounting principles.



Mysore-Bellary Highway Private Limited

Notes on accounts forming part of Financial Statements

2 Share capital

(i) Authorised, Issued, Subscribed and Paid- Up Capital:

Particulars	(₹ in Million)	
	As at March 31, 2016	As at March 31, 2015
Authorised		
79,500,000 Equity Shares of ₹ 10/- each	795.00	795.00
Total	795.00	795.00
Issued , Subscribed and Paid Up		
79,070,000 Equity Shares of ₹ 10/- each (P.Y. 45,540,000 Equity Shares of ₹ 10/- each)	790.70	455.40
Total	790.70	455.40

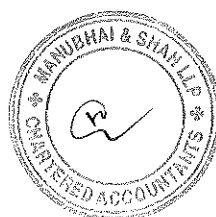
(ii) Rights of Shareholders, Dividend and Repayment of Capital :

- (a) The Company has only one class of shares referred to as equity shares having a par value of ₹10/-.
- (b) Each holder of equity shares is entitled to one vote per share.
- (c) In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive the residual assets of the Company, after distribution of all preferential amounts. However, currently no such preferential amount exists. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

(iii) Out of issued, subscribed and paid up equity capital 58,511,800 shares (P.Y 33,699,600 Shares) are held by Sadbhav Engineering Limited- the Holding Company and its nominees.

(iv) The details of shareholders holding more than 5% of issued equity share capital as on March 31, 2016 is set out below:

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% to Total	No. of Shares	% to Total
Sadhav Engineering Limited & its Nominees	58,511,800	74%	33,699,600	74%
GKC Projects Limited	20,558,200	26%	11,840,400	26%
Total	79,070,000	100%	45,540,000	100%



Mysore-Bellary Highway Private Limited

Notes on accounts forming part of Financial Statements

3 Reserves and surplus

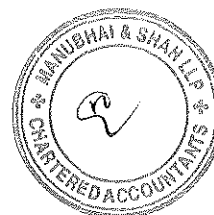
	(₹ in Million)	
Particulars	As at March 31, 2016	As at March 31, 2015
Capital Reserve		
Lumpsum Amount (Grant) From Karnataka State Highways Improvement Project	824.63	-
Surplus/ (Deficit)		
(Deficit) at the beginning of the year	(7.07)	(7.07)
Add: Net Profit/ (Loss) after tax transferred from Statement of Profit & Loss	(0.35)	-
(Deficit)/ Surplus as at end of the year	817.21	(7.07)

4 Long Term Borrowings

	(₹ in Million)	
Particulars	As at March 31, 2016	As at March 31, 2015
Secured :		
Term Loans from		
- Banks	2,416.60	580.40
- A Finance Company	283.40	89.60
Total	2,700.00	670.00

(i) The details of Security in respect of Term Loans are as under:

- 1 first mortgage and charge on all the Company's immovable properties, both present and future, save and except the Project Assets;
- 2 first charge on all the Company's tangible moveable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future, save and except the Project Assets;
- 3 first charge over all accounts of the Company including the Escrow Account and the Sub-Accounts (or any account in substitution thereof) that may be opened in accordance with Common Facilities Agreement and the Supplementary Escrow Agreement, or any other Project Documents and all funds from time to time deposited therein, the Receivables and all Authorised Investments or securities;
- 4 first charge on all intangibles assets of the Company including but not limited to goodwill, rights, undertakings, intellectual property and uncalled capital present and future excluding the Project Assets .
- 5 assignment by way of security in:
 - all the right, title, interest, benefits, claims and demands whatsoever of the Company in the Project Documents;
 - the right, title and interest of the Company in, to and under all the Governmental Approvals;
 - all the right, title, interest, benefits, claims and demands whatsoever of the Company in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents;



Mysore-Bellary Highway Private Limited

Notes on accounts forming part of Financial Statements

- all the right, title, interest, benefits, claims and demands whatsoever of the Company under all Insurance Contracts.
- 6 pledge of 51% (fifty one percent) of the issued and paid up equity shares of the Company held by Sadbhav Engineering Limited and GKC Projects Limited till Final Settlement Date, provided if as on the COD , in the opinion of the Facility Providers, no event of default is subsisting, shares representing 25% (twenty five percent) of the issued and paid up equity shares of the Company may stand released and accordingly, pledge of 26% (twenty six percent) shall continue till the Final Settlement Date.
- 7 Corporate Guarantee from Sadbhav Engineering Limited guaranteeing the repayment of the Secured Obligations.

Provided that:

- the aforesaid mortgages, charges, assignments and guarantees and the pledge of equity shares shall in all respects rank pari-passu inter-se amongst the Senior Lenders in accordance with the Loan Agreement, without any preference or priority to one over the other or others;
- the aforesaid mortgages, charges, assignments and guarantees and the pledge of equity shares stipulated in para 1 to 7 above other than the assignment as stipulated in para 5 shall be shared by the Senior Lenders on pari-passu basis with the WC lenders in accordance with the Loan Agreement, without any preference or priority to one over the other or others; Provided further that the charge over the receivables stipulated in para 3 above for the benefit of the WC lenders would not include the Termination Payment, and
- the Security Interest stipulated in para 1 to 6 above shall exclude the Project Assets (as defined in and in accordance with the Concession Agreement).

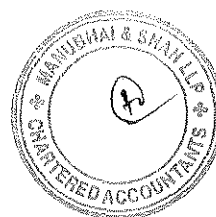
(ii) Terms of Repayment :

The Principal amounts of the Loan is repayable to the Lenders in 14 half yearly structured installments , commencing from the First Repayment date (September 30, 2017) on the last day of each Half Year in the amounts equivalent to the percentage of the total amount of loan, which is stated against the corresponding half year expiry in the Amortisation Schedule. The Company has the option to prepay the loan after the payment of Prepayment Premium.
As at March 31, 2016, term loans carry average interest rate of 11.00 per cent per annum.

5 Short term Borrowings

(₹ in Million)

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured :		
Loan in Lieu of Grant from - SEL	220.72	-
Sadbhav Infrastructure Project Limited - Short Term Loan	7.40	0.90
Total	228.12	0.90



Mysore-Bellary Highway Private Limited

Notes on accounts forming part of Financial Statements

6 Other Current Liabilities

(₹ in Million)

Particulars	As at	As at
	March 31, 2016	March 31, 2015
Payable towards Road Development Work (Refer Note. 15)	272.34	264.59
Statutory dues	12.72	8.69
Others**	24.98	8.34
Total	310.04	281.62

** There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the balance sheet date. The above information has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the auditors.

7 Fixed Assets- Intangible Asset under Development

(₹ in Million)

Particulars	As at	As at
	March 31, 2016	March 31, 2015
7.1 Road Development Expenditure		
Opening balance as at the beginning of the year	667.03	-
Add: Expenditure incurred during the Year	3,767.25	667.03
Closing balance as at the end of the Year	4,434.28	667.03
7.2 Expenditure during construction period		
Incidental Expenditure Pending Capitalisation		
Opening balance as at the beginning of the year	48.50	-
(a) Finance Costs:		
Interest on Term Loans from Banks and Finance Company	151.02	8.14
Other Borrowing costs:		
- Processing, Upfront and Syndication Fees	0.08	34.79
- Bank Charges for Bill Discounting	9.24	
- Bank Charges and other charges	3.68	0.15
Less: Income during Construction period		
Gain on sale of units of mutual fund investments (net)	(1.20)	(0.01)
Total (a)	211.32	43.07
(b) Other Expenses :		
Office Rent	1.03	-
Stamp duty and Filing Fees	-	1.61
Legal and Professional Fees	3.12	3.23
Independent Consultant Fee	38.70	
Auditor's Remuneration		
- Statutory Audit	0.07	0.06
- Other services	0.04	-
- Certification Fees	0.08	0.05
	0.19	0.11
Travelling and Conveyance	0.21	0.40
Printing and Stationery	0.01	0.07
Miscellaneous expenses	-	0.01
Total (b)	43.26	5.43
Closing balance as at the end of the Year (a) + (b)	254.58	48.50
Grand Total (7.1 + 7.2)	4,688.86	715.53



Mysore-Bellary Highway Private Limited

Notes on accounts forming part of Financial Statements

8 Long-Term Loans and Advances

(₹ in Million)

Particulars	As at March 31, 2016	As at March 31, 2015
Secured, Considered Good Capital Advance to holding company (Refer Note 15)	118.91	684.00
Total	118.91	684.00

9 Current Investments

(₹ in Million)

Particulars	As at March 31, 2016	As at March 31, 2015
Reliance Liquid Fund- Cash Plan - Growth Option (No of Units: 9978.369, P.Y. Nil)	23.80	-
Total	23.80	-

10 Cash and Cash Equivalents

(₹ in Million)

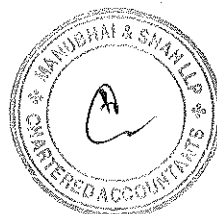
Particulars	As at March 31, 2016	As at March 31, 2015
Cash on hand	0.01	0.01
Balance with Banks in Current accounts	3.47	1.25
Total	3.48	1.26

Bank Balance of ₹ 2.12 Million (P.Y. 0.42 Million) are lying as a security against borrowings as per terms of borrowings with the lenders.

11 Other Current Assets

(₹ in Million)

Particulars	As at March 31, 2016	As at March 31, 2015
TDS Receivable	5.29	-
Retention Money	3.44	-
Vat Receivable	2.29	-
Total	11.02	-



Mysore-Bellary Highway Private Limited

Notes on accounts forming part of Financial Statements

12 Short-Term Loans and Advances		(₹ in Million)	
Particulars	As at March 31, 2016	As at March 31, 2015	
Unsecured, Considered Good Advances recoverable in cash or kind	-	0.06	
Total	-	0.06	

13 Capital Commitments towards Development of Project Road :

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 2,286.81 Million (P.Y. ₹ 5,488.87 Million), net of Mobilisation Advance of ₹ 118.91 Million (P.Y. ₹ 684 Million).

14 Segment Reporting:

The Company is engaged in one reportable segment viz infrastructure development. Therefore disclosures as per Accounting Standard (AS) – 17 "Segment Reporting" are not given. Further, the Company is carrying its business only in one geographical segment.

15 Related Party Disclosures:

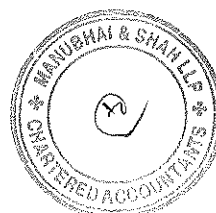
Related party disclosures as required under the Accounting Standard (AS) – 18 on "Related Party Disclosures" are given below:

(a) Name of the related parties and description of relationship :

Description of Relationship	Name of the Related Party
Holding Company	Sadbhav Engineering Limited (SEL)
Fellow Subsidiary	Sadbhav Infrastructure Project Limited (SIPL)
Enterprises having significant influence	GKC Projects Limited (GKC)

(b) Transactions with Related Parties during the Year:

		(₹ in Million)	
Sr. No.	Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
(i)	Equity Shares allotted		
	- SEL	248.12	336.76
	- SIPL	-	0.12
	- GKC	87.18	118.52
(ii)	Loan in Lieu of Grant		
	- SEL (Received)	883.00	-
	- SEL (Repaid)	662.28	-
(ii)	Unsecured Loan received		
	- SIPL	6.50	39.57
(iii)	Unsecured Loan repaid		
	- SIPL	-	38.67
(iv)	Mobilization advance given		
	- SEL	-	684.00
(v)	Performance of EPC Contract- Road Development Work		
	- SEL	3,767.25	667.03
(vi)	Re-imburement of Expenses		
	- SIPL	71.69	26.62
(vii)	Rent		
	- SEL	1.03	-



Mysore-Bellary Highway Private Limited

Notes on accounts forming part of Financial Statements

(c) Balance outstanding as at Year end:

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
(i)	Share Capital		
	- SEL	585.12	0.00
	- GKC	205.58	0.00
(ii)	Loan in Lieu of Grant		
	- SEL	220.72	
(iii)	Unsecured Loan taken		
	- SIPL	7.40	0.90
(iv)	Mobilization advance given		
	- SEL	118.91	684.00
(v)	Payable towards Road Development Work (including retention money)		
	- SEL	272.34	264.59
(vi)	Payable towards Reimbursement of Expenses		
	- SIPL	-	8.12
(vii)	Payable towards Rent		
	- SEL	0.94	-

16 Operating Lease

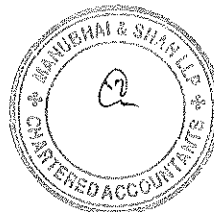
Office premises of the Company are obtained on operating lease. The lease rent paid during the Current year is ₹ 1.03 Million (P.Y. ₹ Nil).

16 Earning Per Share (EPS):

Earning per share is calculated by dividing the net loss attributable to the equity shareholders by the weighted average number of equity shares outstanding during the Year, as under:

Particulars	Unit	As at March 31, 2016	As at March 31, 2015
Net (Loss) as per Statement of Profit & Loss	₹ in Million	(0.35)	(7.07)
Weighted average of number of equity shares outstanding during the year	in Nos.	35,598,056.00	7,384,851
Basic & Diluted (Loss) per share of face value of ₹ 10/ each	₹	(0.01)	(0.96)

17 Deferred Tax Asset (net)



Mysore-Bellary Highway Private Limited

Notes on accounts forming part of Financial Statements

In accordance with Accounting Standard 22 "Accounting for Taxes on Income", the Company has Deferred Tax Assets of ₹ 0.01 Million on account of differences in preliminary expense allowable in Income tax and charged off in the books of account. The Company does not have Deferred Tax Liabilities during the current and previous year. As a matter of prudence deferred tax assets, have not been recognized.

18 Current Tax

As there is no taxable income, tax liability as per the provisions of Income Tax Act, 1961 is ₹ Nil.

19 Previous Year Figures

Previous year figures have been regrouped, rearranged and reclassified wherever necessary to facilitate comparability with current year's classification.

For Manubhai & Shah LLP
Chartered Accountants
Firm Registration No. 106041W

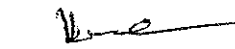


(H.M. Pomal)
Partner
Membership No. 106137

Place : Ahmedabad
Date : 21.04.2016



For & on behalf of the Board of Director of
Mysore-Bellary Highway Private Limited



(Vishnubhai M Patel)
Director
DIN: 00048287

Place : Ahmedabad
Date : 21.04.2016



(Vasistha Patel)
Director
DIN: 00048324

