

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Sadbhav Vizag Port Road Private Limited

## Report on the audit of the Standalone Ind AS Financial Statements

## Opinion

We have audited the Standalone Ind AS financial statements of **Sadbhav Vizag Port Road Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020 and the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013 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 March 31, 2020, and its loss, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Information Other than the Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report (but does not include the Ind AS financial statements and our auditor's report thereon).

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.







**Responsibility of Management and Those Charged with Governance for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. 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 Standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.





- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### 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 Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in 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, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.







**GIANENDER & ASSOCIATES**  
CHARTERED ACCOUNTANTS

- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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:
- The Company does not have any pending litigations which would impact its financial position except those disclosed in financial statements;
  - The Company does not envisage any material foreseeable losses in long-term contracts including derivative contract requiring provision;
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors during the year so the provisions of section 197 of the Act are not applicable.

Place: New Delhi  
Date: 03-07-2020

**For Gianender & Associates**  
**Chartered Accountants**  
**(Firm's Registration No. 004661N)**



**Shashank Agrawal**  
**(Partner)**  
**(M No. 536670)**  
**UDIN: 20536670AAAAAQ2241**



**Annexure 'A' to the Independent Auditor's Report of Sadbhav Vizag Port Road Private Limited for the Year ended as on 31<sup>st</sup> March 2020**

**Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-**

- i. The Company has no fixed assets as on 31<sup>st</sup> March, 2020.
- ii. As the Company is engaged in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the Company.
- iii. In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the Company.
- v. According to the information and explanations given to us, the Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
- vi. In our opinion and according to the information and explanations given to us, provisions of sub-section (1) of section 148 of Companies act, 2013 are 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 books of accounts, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax,





cess and other statutory dues during the year with the appropriate authorities. As on 31st March 2020, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable .

- b. According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which have not been deposited on account of dispute.
- viii. According to the information and explanations given to us, the Company has not taken term loans from banks, financial institution or Government and not issued any debenture during the year, hence paragraph 3(viii) of the order is not applicable to the Company
- ix. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any money by way of initial public offer or further public offer during the year.
- x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the Company noticed or reported during the period under audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid any managerial remuneration. Hence, reporting under Para 3(xi) are not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence clause3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been







disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.

- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information provided to us, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the Company.

Place: New Delhi  
Date: 03-07-2020

For Gianender & Associates  
Chartered Accountants  
(Firm's Registration No. 004661N)



**Shashank Agrawal**  
(Partner)  
(M No. 536670)  
UDIN: 20536670AAAAAQ2241





**ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT**  
**(Referred to in our Report of even date)**

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

We have audited the internal financial controls over financial reporting of **Sadbhav Vizag Port Road Private Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Ind AS 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 (the "Guidance Note"). 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS 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 Standalone Ind AS 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, 2020, 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: New Delhi**  
**Date: 03-07-2020**

**For Gianender & Associates**  
**Chartered Accountants**  
**(Firm's Registration No. 004661N)**



*Singh*  
**Shashank Agrawal**  
**(Partner)**  
**(M No. 536670)**

**UDIN: 20536670AAAAAQ2241**



Sadbhav Vizag Port Road Private Limited  
CIN: U45309GJ2018PTC101832  
Balance Sheet as at March 31, 2020

(INR in Million)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>1. Current Assets</b>			
(a) Financial Assets			
(i) Cash and Cash Equivalents	5	0.08	0.43
(b) Other Current Assets	6	0.00	0.00
		<b>0.08</b>	<b>0.43</b>
<b>Total Assets</b>		<b>0.08</b>	<b>0.43</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	7	0.50	0.50
(b) Other Equity	8	(1.96)	(1.47)
<b>Total Equity</b>		<b>(1.46)</b>	<b>(0.97)</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade Payables			
Total outstanding dues to micro and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises	9	1.54	1.31
(b) Other Current Liabilities	10	-	0.09
		<b>1.54</b>	<b>1.40</b>
<b>Total Equity and Liabilities</b>		<b>0.08</b>	<b>0.43</b>

Note: The Concession Agreement with National Highway Authority of India (NHAI) is terminated due to non availability of required 80% right of way by NHAI within the stipulated time period. Due to which the company's books of accounts are prepared on non going concern basis.

For Gianender & Associates  
Chartered Accountants  
ICAI Firm Registration No. 004661N




Shashank Agrawal  
Partner  
Membership No. 536670

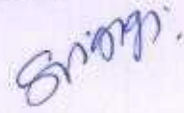


Date: July 03, 2020  
Place: Ahmedabad

For & On behalf of the Board of Directors of  
Sadbhav Vizag Port Road Private Limited



(Girishkumar D. Patel)  
Director  
DIN: 01139366



(Niketani V. Patel)  
Director  
DIN: 08752536

Date: July 03, 2020  
Place: Ahmedabad





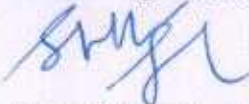
**Sadbhav Vizag Port Road Private Limited**  
**CIN: U45309GJ2018PTC101832**  
**Statement of Profit and Loss for the year ended March 31, 2020**

(INR in Million)

Particulars	Note No.	For the year ended March 31, 2020	For the year from April 16, 2018 to March 31, 2019
Total Income		-	-
<b>I EXPENSES</b>			
Other Expenses	11	33.55	1.47
<b>Total Expenses</b>		<b>33.55</b>	<b>1.47</b>
<b>II Loss before tax (I-II)</b>		<b>(33.55)</b>	<b>(1.47)</b>
<b>IV Total Comprehensive Income for the year</b>		<b>(33.55)</b>	<b>(1.47)</b>
<b>Earning Per Share (Nominal Value of share INR 10/-) Basic &amp; Diluted</b>	12	(670.99)	(33.50)
<b>Significant Accounting Policies</b>	3		

Accompanying notes are an integral part of the financial statements  
As per our report of even date

For Gianender & Associates  
Chartered Accountants  
ICAI Firm Registration No. 004661N



Shashank Agrawal  
Partner  
Membership No.536670



Date : July 03, 2020  
Place: Ahmedabad

For & On behalf of the Board of Directors of  
Sadbhav Vizag Port Road Private Limited



(Girishkumar D. Patel)  
Director  
DIN: 01139366



(Niketan V. Patel)  
Director  
DIN: 08752536

Date: July 03, 2020  
Place: Ahmedabad





Sadbhav Vizag Port Road Private Limited  
CIN: U45309GJ2018PTC101832  
Cash Flow Statement for the year ended March 31, 2020

(INR in Million)

Particulars	March 31, 2020	March 31, 2019
<b>(A) Cash Flows from operating activities</b>		
Profit before tax	(33.55)	(1.47)
Cash generated before Effect of Working capital	(33.55)	(1.47)
Adjustments for:		
(Decrease)/Increase in trade payables	0.23	1.31
(Decrease)/Increase in current liability	(0.09)	0.09
Cash (used in) operating activities	(33.39)	(0.07)
(+)/(-) : Tax paid(net of refund)		
Net cash (used in) operating activities	(33.39)	(0.07)
<b>(B) Cash Flows from investing activities</b>	-	-
<b>(C) Cash Flows from financing activities</b>		
Proceeds from Equity Share Capital	-	0.50
Proceeds from Sub-ordinate debt	33.05	-
Cash Flows from financing activities	33.05	0.50
<b>Net increase in cash and cash equivalents</b>	(0.35)	0.43
Cash and cash equivalents at beginning of the Year	0.43	-
Cash and cash equivalents at end of the Year	0.08	0.43

Notes:

(i) Components of cash and cash equivalents (refer note 5)

Particulars	March 31, 2020 INR in million	March 31, 2019 INR in million
Cash on hand	0.01	0.02
Balances with banks in current accounts	0.07	0.41
Cash and cash equivalents	0.08	0.43

(ii) The cash flow statement has been prepared under indirect method as per Indian Accounting Standard (Ind AS) -7 "Statement of Cash Flows".

(iii) Figures in brackets represent outflows.

As per our report of even date

For Gianender & Associates  
Chartered Accountants  
ICAI Firm Registration No. 004661N

*Shashant Agarwal*  
Partner  
Membership No. 586670



Date : July 03, 2020  
Place: Ahmedabad

For & On behalf of the Board of Directors of  
Sadbhav Vizag Port Road Private Limited

*Girish Kumar D. Patel*  
(Girishkumar D. Patel)  
Director  
DIN: 01139366

Date : July 03, 2020  
Place: Ahmedabad

*Niketan V. Patel*

(Niketan V. Patel)  
Director  
DIN: 08752536





Sadbhav Vizag Port Road Private Limited  
CIN: U45309GJ2018PTC101832  
Statement of Changes in Equity for the period ended March 31, 2020

**A Equity Share Capital**

Equity Shares of INR 10 each issued, subscribed and fully paid	No of Shares	Amount (INR in Million)
At April 01, 2018	-	-
Issued during the year	50,000	0.50
<b>At March 31, 2019</b>	<b>50,000</b>	<b>0.50</b>
Issued during the year	-	-
<b>At March 31, 2020</b>	<b>50,000</b>	<b>0.50</b>

**B Other Equity**

Particulars	Retained Earning	Equity Component of Compound Financial Instrument (Sub- ordinate debt)	Total Other Equity
	INR in Million	INR in Million	INR in Million
<b>As at April 01, 2018</b>	-	-	-
Issued during the year	-	-	-
Loss for the year	(1.47)	-	(1.47)
<b>At March 31, 2019</b>	<b>(1.47)</b>	-	<b>(1.47)</b>
<b>At April 01, 2019</b>	<b>(1.47)</b>	-	<b>(1.47)</b>
Addition during the year	-	-	-
Loss for the year	(33.55)	-	(33.55)
<b>At March 31, 2020</b>	<b>(35.02)</b>	-	<b>(35.02)</b>

Accompanying notes are an integral part of the financial statements  
As per our report of even date

For Gianender & Associates  
Chartered Accountants  
ICAI Firm Registration No. 004661N

*Singh*

**Shashank Agrawal**  
Partner  
Membership No.536670



For & On behalf of the Board of Directors of  
Sadbhav Vizag Port Road Private Limited

*Patel*

**(Girishkumar D. Patel)**  
Director  
DIN: 01139366

*Patel*

**(Niketan V. Patel)**  
Director  
DIN: 08752536

Date : July 03, 2020  
Place: Ahmedabad

Date : July 03, 2020  
Place: Ahmedabad





## Sadbhav Vizag Port Road Private Limited

### Notes to Financial statement for the year ended March 31, 2020

#### 1. Company information:

Sadbhav Vizag Port Road Private Limited ("the Company") is a private company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. It is wholly owned subsidiary of Sadbhav Infrastructure Project Limited.

The Company was incorporated as a Special Purpose Vehicle (SPV) in April 2018, for the purpose of development, maintenance and management of Four Lane Port Connectivity to Vishakapatnam Port Road from km 0.00 to km 12.700 (approximately 12.700 km) in the state of Andhra Pradesh under Port Connectivity under Bharatmala Pariyojna by Four-Laning thereof on Design, Built, Operate and Transfer ("DBOT Annuity" or "Hybrid Annuity") basis. As per the CA, NHAI grants to the Company exclusive right, license and authority to construct, operate and maintain the project during the Construction period of 550 days and Operation period of 15 years commencing from COD.

The financial statements were authorized for issue in accordance with a resolution of the directors on July 03, 2020.

#### 2. Basis of preparation and presentation of financial statement:

##### (a.) Compliance with IND AS:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and relevant amendment rules issued thereafter.

The company has applied the applicable standards and/or amendments to existing standards effective from April 1, 2019 in the preparation and presentation of financial statements for the year ending on March 31, 2020.

Most of the amendments did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

##### (b.) Basis of Presentation:

The Balance Sheet, the Statement of Profit and Loss and Statement of Changes in Equity are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

The financial statements are presented in INR, which is the functional currency and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

##### (c.) Basis of preparation

The Financial statements for the year ending "upto 31st march 2019" were prepared on going concern basis following the accounting policies stated at Note 3 below. Financial statements for the year ended 31 March, 2020 have been prepared based on non-going concern basis following below mentioned accounting policies:

- i) All assets are depicted at expected realizable value.
- ii) All Liabilities are depicted at expected settlement value.
- iii) Use of Estimate as stated at note 4(A)(i).
- iv) Borrowing Cost-Refer Note 3.3
- v) Claims are accounted for on expected recoverable value.





**Sadbhav Vizag Port Road Private Limited**  
**Notes to Financial statement for the year ended March 31, 2020**

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- vi) Taxation –Refer Note 3.7
- vii) Provisions- Refer Note 3.8
- viii) Expected Credit Loss are computed following the policy as stated at note 3.5(a)(iv)
- ix) Cash and cash equivalents-Refer Note 3.10
- x) Earnings Per Equity Share-Refer Note 3.11

**(d.) Basis of Measurement:**

The financial statements have been prepared on realization basis.

**2.1 Changes accounting policies and disclosure**

**New and amended standards**

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

**Ind AS 116 Leases**

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. The Company adopted Ind AS 116 using the modified retrospective method of adoption. There were no significant adjustments required to the retained earnings as at April 01, 2019. The adoption of the standard did not have any material impact on these financial statements.

**Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment**

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Appendix did not have an impact on the financial statements of the company.

Several other amendments apply for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.





**3. Summary of significant accounting policies**

The following are the significant accounting policies applied by the company in preparing its financial statements:

**3.1 Current versus non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

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

**Operating cycle**

The operating cycle is the time between the acquisition of the assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its normal operating cycle.

**3.2 Revenue Recognition**

**a. Revenue from Operations**

The Company applies Ind AS 115 using cumulative catch-up transition method. The Company recognize revenue from contracts with customers when it satisfies a performance obligation by transferring promised goods or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied.

The Company earns revenue from construction, operation and maintenance, other related services and interest from financial asset.

**(i) Construction services**

Revenue from construction services is recognised over a period as the customer simultaneously receives and consumes the benefits provided by the Company and measure revenue based on input method i.e. revenue recognised on the basis of cost incurred to satisfaction of a performance obligation relative to the total expected cost to the satisfaction of that performance obligation. If the outcome of a performance obligation satisfied over time cannot be reasonably measured, revenue is calculated using



**Sadbhav Vizag Port Road Private Limited**  
**Notes to Financial statement for the year ended March 31, 2020**

the zero-profit method in the amount of the contract costs incurred and probably recoverable.

**Contract Balances**

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs by transferring goods or services to a customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract Liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

**(ii) Construction, operation and maintenance and other related services:**

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services.

For construction, operation and maintenance and other related services, the performance obligation is satisfied over time. For determining performance obligation of services; the company uses output method for measurement of revenue.

Revenue is measured based on the transaction price which is the consideration, as specified in contract with the customer. Revenue excludes taxes collected from the customers.

**3.3 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur. Borrowing cost consist of interest and other costs that company incurs in connection with the borrowing of funds. Investment income earned on temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

**3.4 Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets



recognition exemption to leases of office building that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### **3.5 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **a) Financial Assets**

##### **i. Initial recognition and measurement of financial assets**

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets that are not at fair value through profit or loss are added to the fair value on initial recognition. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date i.e. the date that the Company commits to purchase or sell the asset.

##### **ii. Subsequent measurement of financial assets**

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

- **Financial assets at amortized cost:**

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

- **Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the above conditions mentioned in "Financial assets at amortized cost" are met. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

- **Financial assets at fair value through other comprehensive income:**

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).





**Sadbhav Vizag Port Road Private Limited**  
**Notes to Financial statement for the year ended March 31, 2020**

- **Financial assets at fair value through profit or loss:**

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as at FVTPL.

**iii. De-recognition of financial assets**

A financial asset is de-recognized when the contractual rights to the cash flows from the financial asset expire or the Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**iv. Impairment of financial assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets. Expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

**b) Financial Liabilities**

**i. Initial recognition and measurement of financial liabilities**

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

All financial liabilities are recognised initially at fair value. All financial liabilities are recognised initially at fair value and, in the case of loan and borrowings and payable, net of directly attributable transaction costs.

**ii. Subsequent measurement of financial liabilities**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)





• **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses on changes in fair value of such liability are recognized in the statement of profit or loss.

• **Financial liabilities at amortised cost (Loans and Borrowings)**

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

iii. **Derecognition of financial liabilities**

A financial liability (or a part of a financial liability) is derecognized from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

c) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company currently has enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**3.6 Fair Value Measurement**

The company measures financial instrument such as Investment in Mutual Fund at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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



## Sadbhav Vizag Port Road Private Limited

### Notes to Financial statement for the year ended March 31, 2020

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market price in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortized cost)

### 3.7 Income tax

Income tax expense comprises current tax and deferred tax.

#### Current Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax 1961. The tax rates and





**Sadbhav Vizag Port Road Private Limited**  
**Notes to Financial statement for the year ended March 31, 2020**

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tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current income taxes are

recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred Tax**

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

Deferred tax liabilities are recognised for all taxable temporary differences excepts when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized excepts when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rules and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, where company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**3.8 Provisions**  
**General**

Provision is recognized when the company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the



passage of time is recognized as a finance cost.

### **3.9 Contingent liabilities and Contingent Assets**

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

Claim against the Company not acknowledged as debt are disclosed under contingent liabilities. Claim made by the company are recognized as and when the same is approved by the respective authorities with whom the claim is lodged.

A Contingent asset is not recognized in financial statements, however, the same is disclosed wherever an inflow of economic benefit is probable.

### **3.10 Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

### **3.11 Earnings per share**

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit / loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

### **3.12 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

## **4. A.) Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosure, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### **(i) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the



**Sadbhav Vizag Port Road Private Limited**  
**Notes to Financial statement for the year ended March 31, 2020**

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financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(ii) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.





**Sadbhav Vizag Port Road Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

5 Cash and Cash Equivalants	March 31, 2020 INR in Million	March 31, 2019 INR in Million
Cash in hand	0.01	0.02
<b>Balances with Banks</b> In Current Accounts	0.07	0.41
<b>Total</b>	<b>0.08</b>	<b>0.43</b>

6 Current Assets	March 31, 2020 INR in Million	March 31, 2019 INR in Million
GST Input Credit Receivable*	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

\*Amount of Rs. 1200.01 for March 31, 2020 & Rs. 3566 for March 31, 2019) is below rounding off norm adopted by company.





**Sadbhav Vizag Port Road Private Limited**  
Notes to Financial Statements for the year ended March 31, 2020

**7 Equity Share Capital**

Particulars	March 31, 2020		March 31, 2019	
	No. of shares	INR in Million	No. of shares	INR in Million
Authorized Share Capital				
Equity Shares of INR 10 each	50 000	0.50	50 000	0.50
<b>Total</b>	<b>50 000</b>	<b>0.50</b>	<b>50 000</b>	<b>0.50</b>
Issued, Subscribed and fully paid up				
Equity Shares of INR 10 each	50 000	0.50	50 000	0.50
<b>Total</b>	<b>50 000</b>	<b>0.50</b>	<b>50 000</b>	<b>0.50</b>

**(a) Reconciliation of shares outstanding at the beginning and end of the year:**

Particulars	March 31, 2020		March 31, 2019	
	No. of shares	INR in Million	No. of shares	INR in Million
At the beginning of the year	50 000	0.50	-	-
Add: Issue during the year	-	-	50 000	0.50
<b>Outstanding at the end of the year</b>	<b>50 000</b>	<b>0.50</b>	<b>50 000</b>	<b>0.50</b>

**(b) Terms/Rights attached to the equity shares:**

The Company has only one class of shares referred to as equity shares having a par value of INR 10/-. Each holder of equity shares is entitled to one vote per share. 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 to be distributed will be in proportion to the number of equity shares held by the shareholders.

**(c) Share held by holding Company:**

All 50,000 shares issued, subscribed and paid up equity capital are held by Sadbhav Infrastructure Project Limited- holding company and its nominees.

**(d) Number of shares held by each shareholder holding more than 5% Shares in the company:**

Name of Shareholder	March 31, 2020		March 31, 2019	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Equity Shares of INR 10 each fully paid				
Sadbhav Infrastructure Project Ltd and Its Nominees	50 000	100	50 000	100
<b>Total</b>	<b>50 000</b>	<b>100</b>	<b>50 000</b>	<b>100</b>

As per the records of the company, including its registers of shareholders/member and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.





8 Other Equity

Equity Component of Compound Financial Instrument (Sub-ordinate debt)

Opening balance

Addition during the year

Balance at the end of the year

Retained Earning

(Deficit)/Surplus at the beginning of the Year

Net profit after tax transferred from Statement of Profit and Loss

(Deficit)/Surplus at the end of

March 31, 2020	March 31, 2019
INR in Million	INR in Million
-	-
33.05	-
33.05	-
(1.47)	-
(33.55)	(1.47)
(35.02)	(1.47)
(1.97)	(1.47)

9 Trade Payables

Trade Payables (Refer Note 13 and 15)

-Dues to Micro & small enterprises

-Dues to other

-Dues to related parties

Total

March 31, 2020	March 31, 2019
INR in Million	INR in Million
-	-
1.54	0.33
0.00	0.97
1.54	1.31

10 Other Current Liability

Statutory Dues

March 31, 2020	March 31, 2019
INR in Million	INR in Million
-	0.09
-	0.09





**Sadbhav Vizag Port Road Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

**11 Other Expenses**

	March 31, 2020 INR in Million	March 31, 2019 INR in Million
Auditor's Remuneration - Statutory Audit	0.01	0.01
Filing Expenses	0.00	0.00
Professional & Legal Fees	33.02	0.36
Stamp fees	0.00	0.01
Office Rent	0.27	1.06
Printing & Stationery Expenses	0.00	0.03
Interest on Statutory liability	0.25	-
<b>Total</b>	<b>33.55</b>	<b>1.47</b>

\*Amount of Rs. 3600 for Filing Expenses, Rs 1900 for Stamp fees and Rs 3566.14 for Printing & Stationery Expenses is below rounding off norm adopted by company.





**Sadbhav Vizag Port Road Private Limited**  
Notes to Financial Statements for the year ended March 31, 2020

**12 Earning Per Share (EPS):**

Earning per share is calculated by dividing the Net Profit attributable to the Equity Shareholders by the Weighted Average Number of Equity Shares outstanding during the year, as under :

Particulars	March 31, 2020	March 31, 2019
Net profit as per Statement of Profit & Loss (INR in Million)	(33.55)	(1.47)
Total no. of equity shares at the end of the year	50,000	50,000
Weighted average of number of equity shares outstanding during the year	50,000	43,836
Nominal value of equity shares	10	10
<b>Basic &amp; Diluted Earning per share in INR</b>	<b>(670.99)</b>	<b>(33.50)</b>

**13 Related Party Disclosures:**

Related party disclosures as required under the Indian Accounting Standard (IND AS) – 24 on "Related Party Disclosures" are given below:

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

Sr. No	Description of Relationship	Name of the Related Party
(A)	Enterprises having control:	
	Ultimate Holding Company	Sadbhav Engineering Limited (SEL)
	Holding Company	Sadbhav Infrastructure Project Limited (SIPL)

(ii) Transactions with Related Parties during the year:

No.	Particulars	(INR in Million)	
		March 31, 2020	March 31, 2019
(i)	Equity share capital issued		
	-SIPL & its nominees	-	0.50
(ii)	Sub-ordinate debt Received		
	-SIPL	33.05	0.00
(iii)	Reimbursement of Expenses		
	-SIPL	-	0.00
(iv)	Office Rent		
	-SEL	0.27	1.06

(iii) Balance outstanding as at the year end:

No.	Particulars	(INR in Million)	
		March 31, 2020	March 31, 2019
(i)	Equity Share Capital		
	-SIPL	0.50	0.50
(ii)	Sub-ordinate debt		
	-SIPL	33.05	-
(iii)	Payable towards Office Rent		
	-SEL	1.22	0.97
(iv)	Payable towards Operating, Maintenance & Reimbursement of Expenses		
	-SIPL	0.00	0.00

(iv) Terms and conditions of the balance outstanding:

1. The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash as per the terms of the agreement.

2. The Company has not provided any commitment to the related party as at March 31, 2020.

**14 Disclosure for Ind AS-116 "Leases"**

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified new Ind AS on leases, Indian Accounting Standard (Ind AS) 116 applicable from April 1, 2019. Ind AS 116 has been implemented w.e.f. April 1, 2019 and the associated disclosure requirements are applicable for financial statements for the year ended March 31, 2020. As per the Standard it is optional to apply the standard for short term leases. Since the lease agreements are for short period, company has availed the exception of short term leases. Apart from this, there are no other assets taken on lease and hence IND AS 116 is not applicable.

Total amount of lease payments towards short term leases is Rs. 0.27 Mn and shown as expense in the profit & Loss statement.

**15** 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. This is based on the information available with the Company.





Sadbhav Vizag Port Road Private Limited  
Notes to Financial Statements for the year ended March 31, 2020

16. Income Tax Expenses

As there is no taxable income, tax liability as per provision of Income Tax Act, 1961 is INR NIL.

17. Segment Reporting

The operating segment of the company is identified to be "Design, Build, Operate and Transfer (DBOT)" or "Hybrid Annuity" Basis, as the Chief Operating Decision Maker (CODM) reviews business performance at an overall company level as one segment and hence, does not have any additional disclosures to be made under Ind AS-108 Operating Segments. Further, the Company also primarily operates under one geographical segment namely India.

18. Financial Instruments

(i) Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	March 31, 2020			March 31, 2019		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
<b>Financial Asset</b>							
Cash on Hand	5	-	-	0.01	-	-	0.02
Balances with Banks	5	-	-	0.07	-	-	0.41
<b>Total Financial Assets</b>		-	-	<b>0.08</b>	-	-	<b>0.43</b>
<b>Financial Liabilities</b>							
Trade Payables	9	-	-	1.54	-	-	1.31
<b>Total Financial Liabilities</b>		-	-	<b>1.54</b>	-	-	<b>1.31</b>

(ii) Fair value disclosures for financial assets and financial liabilities

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





**Sadbhav Vizag Port Road Private Limited**  
Notes to Financial Statements for the year ended March 31, 2020

**19 Financial Risk Management**

The Company's principal financial liabilities comprise trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include other receivables and cash and bank balance that derive directly from its operations.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

**(I) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, investments, other receivables, trade and other payables and derivative financial instruments.

**(II) Liquidity Risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys cash management system. It maintains adequate sources of financing including debt at an optimised cost.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at March 31, 2020	Carrying Amount	On Demand	Upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>						
Trade Payables	1.54	-	1.54	-	-	-

As at March 31, 2019	Carrying Amount	On Demand	Upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>						
Trade Payables	1.31	-	1.31	-	-	-

**(III) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed to credit risk from its operating activities as the company will receive annuity fees from National Highway Authority of India and does not have any outstanding receivables.

**(IV) Interest Rate Risk**

Company does not have any borrowings, hence no interest rate risk.





**Sadbhav Vizag Port Road Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

**20 Disclosure pursuant to Appendix - D to Ind AS 115 - " Revenue from Contract with Customers"**

**(i) Description and classification of the arrangement**

The Company has entered into Concession Agreement ('CA') with National Highway Authority of India (NHAI) dated May 03, 2018 for the purpose of development, maintenance and management of Four Lane Port Connectivity to Vishakapatnam Port Road from km 0.00 to km 12.700 (approximately 12.700 km) in the state of Andhra Pradesh under Port Connectivity under Bharatmala Pariyojna by Four-Laning thereof on Design, Built, Operate and Transfer ("DBOT Annuity" or "Hybrid Annuity") basis. As per the CA, NHAI grants to the Company exclusive right, license and authority to construct, operate and maintain the project during the Construction period of 550 days and Operation period of 15 years commencing from COD.





**Sadbhav Vizag Port Road Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**

**21 Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium, Other equity in form of Subordinate Debt of the Company.

The Company's objective for capital management is to maximize shareholder value and safeguard business continuity.

The Company determines the capital requirement based on annual operating plans and other strategic plans. The funding requirements are met through equity share capital, equity in form of subordinate debt and operating cash flows generated.

The sponsor (SIPL) has also enter into Suponsor Support Agreement to support the company for capital requirement in case of cost over run and short fall in cash flow.

Summary of Quantitative Data is given hereunder:

Particulars	(INR in Million)	
	March 31, 2020	March 31, 2019
Equity	0.50	0.50
Other Equity	33.05	-
<b>Total</b>	<b>33.55</b>	<b>0.50</b>

The company does not have any externally imposed capital requirement.

**22 Contingent Liabilities and Capital Commitments**

The Company has no contingent or conditional Liabilities of any kind arising from or in connection with any transaction or a line of business by the Company.

The Company has no Capital Commitments.

**23** The Concession Agreement with National Highway Authority of India (NHAI) is terminated due to non availability of required 80% right of way by NHAI within the stipulated time period. Due to which the company's books of accounts are prepared on non going concern basis.

**24** There were no litigation pending against the company which could be materially impact its financial position as at the end of the year.

**25** Previous year figures have been regrouped/reclassified wherever necessary, to facilitate comparability with current year's classification.

Accompanying notes are an integral part of the financial statements  
 As per our report of even date

For Glanender & Associates  
 Chartered Accountants  
 ICAI Firm Registration No. 004661N

*S. Agrawal*

**Shashank Agrawal**  
 Partner  
 Membership No.536670



Date : July 03, 2020  
 Place: Ahmedabad

For & On behalf of the Board of Directors of  
 Sadbhav Vizag Port Road Private Limited

*G. D. Patel*

**(Girishkumar D. Patel)**  
 Director  
 DIN: 01139366

*N. V. Patel*

**(Niketan V. Patel)**  
 Director  
 DIN: 08752536

Date : July 03, 2020  
 Place: Ahmedabad

