

Manubhai & Shah LLP

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Mysore Bellary Highway Private Limited
Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Mysore Bellary Highway Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'financial statements').

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



Manubhai & Shah LLP, a Limited Liability Partnership with LLP identity No.AAG-0878

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Information Other than the 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 Board's Report including Annexures to Board's Report and Shareholder's Information but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 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.

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



Auditor's Responsibility

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 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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.
- 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.



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 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 Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 – A**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company’s financial controls over financial reporting.
- (g) 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, we report that the company being a private limited company provision, of section 197(16) is not applicable.



Manubhai & Shah LLP
Chartered Accountants

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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.
 - 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure – B" a statement on matters specified in paragraphs 3 and 4 of the order.



Place: Ahmedabad
Date: May 17, 2019

For Manubhai & Shah LLP
Chartered Accountants
Firm's Registration No.106041W/W100136

A handwritten signature in black ink, appearing to read "K. C. Patel".

(K. C. Patel)
Partner
Membership No. 030083

ANNEXURE - A

TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report the members of **Mysore Bellary Highway Private Limited** 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")

In conjunction with our audit of the financial statements Mysore Bellary Highway Private Limited (The Company) as of and for the year ended March 31, 2019, we have also audited the internal financial controls over financial reporting of the Company.

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 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;

- 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

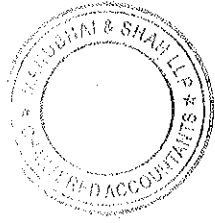
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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.



Manubhai & Shah LLP
Chartered Accountants

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, 2019, 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 ICAI.



Place: Ahmedabad
Date: May 17, 2019

For Manubhai & Shah LLP
Chartered Accountants
Firm's Registration No. 106041W/W100136

K. C. Patel

(K. C. Patel)
Partner
Membership No. 030083

ANNEXURE - B
TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report the members of Mysore Bellary Highway Private Limited of even date)

Report on the Companies (Auditor' Report) Order, 2016, issued in terms of section 143 (11) of the Companies Act, 2013('the Act') of Mysore Bellary Highway Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified during the year by the Management in accordance with programme of physical verification, which in our opinion, provides for physical verification of all fixed assets at a reasonable intervals having regard to size of the Company and nature of fixed assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The title deeds of the immoveable property are held in the name of the Company.
- (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 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) We have broadly reviewed the books of account maintained by the Company that are in pursuance to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.



- (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, custom duty, cess, goods and services tax and other material statutory dues as applicable have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, cess, goods and services tax and other material statutory dues were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable. As informed to us, provisions of professional tax are not applicable to the company.

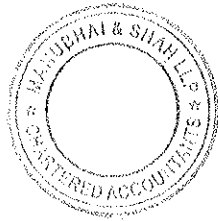
(b) According to the information and explanations given to us, there are no dues of income tax, value added tax, service tax and goods and services tax or cess which have not been deposited with the appropriate authorities on account of any dispute.

- (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 does not have dues to financial institutions and government or debenture holders.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer. In our opinion and according to the information and explanations given by the management, the company has utilized the monies raised by term loans and debt instruments for the purposes for which they were raised.
- (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) The Company being a private limited company the provision of section 197 is not applicable to it and 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 reporting requirement of Clause 3(xii) of the Order is 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 Indian 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. Hence the reporting requirement of paragraph 3(xiv) of the Order are not applicable to the Company.



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- (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 to directors and hence 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 be registered under section 45-IA of the Reserve Bank of India Act, 1934.



Place: Ahmedabad
Date: May 17, 2019

For Manubhai & Shah LLP
Chartered Accountants
Firm's Registration No. 106041W/W100136

K. C. Patel

(K. C. Patel)
Partner
Membership No. 030083

**MYSORE BELLARY
HIGHWAY PRIVATE LIMITED**

**IND AS FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2019**

Mysore-Bollary Highway Private Limited
Balance Sheet as at March 31, 2019

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
		(INR in Million)	(INR in Million)
ASSETS			
1 Non-current Assets			
a Property, Plant and Equipments	5	0.22	-
b Financial Assets	6	2,835.77	3,581.96
c Other Non Current Assets	8	26.64	45.46
		2,862.63	3,627.42
2 Current Assets			
a Financial Assets			
(i) Investments	9	11.09	1.50
(ii) Cash and Cash Equivalents	10	246.46	540.70
(iii) Other Financial Assets	6	1,449.68	1,598.16
b Current Tax Assets	7	17.89	-
c Other Current Assets	8	24.97	41.10
		1,750.09	2,181.46
Total Assets		4,612.72	5,808.88
EQUITY AND LIABILITIES			
EQUITY			
1 Equity Share Capital	11	790.70	790.70
2 Other Equity	12	94.76	25.37
		885.46	816.07
LIABILITIES			
1 Non-current Liabilities			
Financial Liabilities			
Borrowings	13	2,664.97	3,465.29
		2,664.97	3,465.29
2 Current Liabilities			
a Financial Liabilities			
(i) Borrowings	14	109.70	512.42
(ii) Trade Payable			
-Dues to Micro & Small Enterprises	15	-	-
-Dues to Other than Micro & Small Enterprises		180.93	274.68
(iii) Other Financial Liabilities	16	757.31	670.86
b Current Tax Liability	17	7.27	-
c Other Current Liabilities	18	7.05	21.58
d Short Term Provisions	19	0.03	47.98
		1,062.29	1,527.52
Total Equity and Liabilities		4,612.72	5,808.88
Significant Accounting Policies	3		

Accompanying notes are an integral part of the financial statements

As per our report of even date

For Manubhai & Shah LLP

Chartered Accountants

ICAI Firm Registration No. 106041W/W100136

K. C. Patel

(K. C. Patel)

Partner

Membership No.30083



Place : Ahmedabad
Date : May 17, 2019

For & On behalf of the Board of Directors of
Mysore Bellary Highway Private Limited

Vikram Patel

(Vikram Patel)

Director

DIN:00048318

Nitin Patel

(Nitin Patel)

Director

DIN:00466330

Tushar Shah

(Tushar Shah)

Company Secretary

M.No.-F7216

Rahul Sheth

(Rahul Sheth)

Chief Financial Officer

Place : Ahmedabad
Date : May 17, 2019

Mysore-Bellary Highway Private Limited
Statement of Profit and Loss for the year ended March 31, 2019

Particulars		Note no.	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
INCOME				
I	Revenue From Operations	20	418.13	576.42
II	Other Income	21	531.27	568.25
III	Total Income (I-II)		949.40	1,144.67
EXPENSES				
IV	Construction Expense	22	241.99	524.72
	Operating Expense	23	112.58	-
	Employee Benefits Expense	24	2.07	-
	Finance Cost	25	474.59	539.35
	Depreciation and Amortisation	5	0.06	-
	Other Expenses	26	38.60	31.43
	Total Expenses		869.89	1,095.50
V	Profit for the Year before tax (III-IV)		79.51	49.17
VI	Tax Expenses			
	Current Tax		16.37	16.27
	Earlier year tax adjustment		(6.25)	-
	Total Tax Expense		10.12	16.27
VII	Profit For the Year (V-VI)		69.39	32.90
VIII	Other Comprehensive Income		-	-
IX	Total comprehensive income for the year, net of tax (VII-VIII)		69.39	32.90
	Earning Per Share (Nominal value of share INR 10/-)			
	Basic & Diluted	28	0.88	0.42
	Significant Accounting Policies	3		

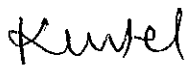
Accompanying notes are an integral part of the financial statements

As per our report of even date

For Manubhai & Shah LLP

Chartered Accountants

ICAI Firm Registration No. 106041W/W100136



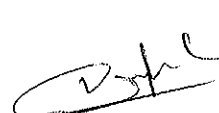
(K. C. Patel)

Partner

Membership No.30083



For & On behalf of the Board of Directors of
Mysore Bellary Highway Private Limited



(Vikram Patel)

Director


DIN:00048318



(Nitin Patel)

Director

DIN:00466330



(Tushar Shah)

Company Secretary

M.No.-F7216



(Rahul Sheth)

Chief Financial Officer

Place : Ahmedabad

Date : May 17, 2019



Place : Ahmedabad

Date : May 17, 2019

Mysore-Bellary Highway Private Limited
Cash Flow Statement for the year ended March 31, 2019

Particulars	March 31,2019	March 31,2018
	(INR in Million)	(INR in Million)
(A) Cash flows from operating activities		
Profit Before Tax	79.51	49.17
Adjustments for:		
Depreciation	0.06	
Finance Costs	473.74	538.49
Amortization of Processing Fees	0.85	0.85
Unrealized Gain on Mutual Fund	(0.08)	(0.00)
Gain on sale of Units of Mutual fund Investments (net)	(0.25)	(0.07)
Cash generated before Effect of Working capital	553.83	588.44
Adjustments for:		
{Increase}/Decrease in non current financial asset	746.19	1,663.81
{Increase}/Decrease in non current asset	18.82	2.29
{Increase}/Decrease in other current financial asset	148.48	(996.69)
{Increase}/Decrease in current asset	16.13	(40.93)
{Increase}/Decrease in tax current asset	(17.89)	-
{Decrease}/Increase in trade payables	(93.75)	84.40
{Decrease}/Increase in other current financial liability	0.16	(48.22)
{Decrease}/Increase in current liability	(14.53)	18.17
{Decrease}/Increase in short term provision	(47.95)	47.98
Cash generated from Operating Activity before tax	1,309.47	1,319.27
(+)/(-) : Tax Paid(Net of Refund)	(2.85)	(36.66)
Net cash flow generated from operating activities	(A) 1,306.62	1,282.60
(B) Cash Flows from investing activities		
Purchase of Fixed Asset	(0.28)	-
Investment in units of Mutual Fund	(80.35)	(23.80)
Redemption of units of Mutual Fund	71.11	22.37
Net cash flow used in investing activities	(B) (9.52)	(1.43)
(C) Cash Flows from financing activities		
Proceeds from Loan in Lieu of Grant	-	837.93
Repayment of Loan in Lieu of Grant	-	(1,544.93)
Proceeds from long term borrowings	-	360.20
Repayment from long term borrowings	(685.07)	(302.85)
Proceeds from short term borrowings	16.00	-
Repayment of short term borrowings	(418.73)	(105.00)
Repayment of Loan from SIPL	-	(7.40)
Proceeds from Loan from SEL	-	512.43
Interest and other Finance cost paid	(503.54)	(493.69)
Net cash flow used in financing activities	(C) (1,591.34)	(743.31)
Net increase in cash and cash equivalents	(A+B+C) (294.24)	537.86
Cash and cash equivalents at beginning of the year	540.70	2.84
Cash and cash equivalents at end of the year	246.46	540.70



Notes:

(i) Components of cash and cash equivalents (refer note 10)

Cash on hand
Balances with banks in current accounts
Fixed Deposit

March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
0.01	0.01
16.88	540.69
229.57	-
246.46	540.70

Note: Balance with bank includes balance of Rs. 0.8 million (March 31, 2018: Rs. 533.64 million) lying in the Escrow Accounts, as per terms of borrowings with the lenders.

(ii) Reconciliation of Financial liabilities

	March 31, 2018	Cashflows	Non-cash adjustment		March 31, 2019
			Interest	Transaction Cost	
Long Term Borrowings	4,091.34	(685.07)	-	0.85	3,407.12
Short Term Borrowings	512.42	(402.73)	-	-	109.69
Interest Accrued and due on borrowings	44.81	(503.54)	473.74	-	15.01

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

(iv) Figures in brackets represent outflows.

As per our report of even date

For Manubhai & Shah LLP

Chartered Accountants

ICAI Firm Registration No. 106041W/W/100136

K. C. Patel

(K. C. Patel)

Partner

Membership No. 30083



For & On behalf of the Board of Directors of
Mysore Bellary Highway Private Limited

Vikram Patel

(Vikram Patel)

Director

DIN:00048318

Nitin Patel

(Nitin Patel)

Director

DIN:00466330

Tushar Shah

(Tushar Shah)

Company Secretary

M.No.-F7216

Rahul Sheth

(Rahul Sheth)

Chief Financial Officer

Place : Ahmedabad

Date : May 17, 2019

Place : Ahmedabad

Date : May 17, 2019

Mysore-Bellary Highway Private Limited
Statement of Changes in Equity for the year ended March 31, 2019

A Equity Share Capital

Equity shares of INR 10 each issued, subscribed and fully paid	No of Shares.	Amount (INR in Million)
At April 1, 2017	7 90 70 000	790.70
At April 1, 2018	7 90 70 000	790.70
At March 31, 2019	7 90 70 000	790.70

B Other Equity

Particulars	Retained Earning	Total other equity attributable to equity holders of the Company
	(INR in Million)	(INR in Million)
As at April 1, 2017	(7.53)	(7.53)
Profit for the year	32.90	32.90
As at March 31, 2018	25.37	25.37
As at April 1, 2018	25.37	25.37
Profit for the year	69.39	69.39
As at March 31, 2019	94.76	94.76

As per our report of even date
For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Registration No. 106041W/W100136

K. C. Patel

(K. C. Patel)
Partner
Membership No. 30083



Place : Ahmedabad
Date : May 17, 2019

For & On behalf of the Board of Directors of
Mysore Bellary Highway Private Limited

Vikram Patel

(Vikram Patel)
Director
DIN:00048318

Nitin Patel

(Nitin Patel)
Director
DIN:00466330

Tushar Shah .. *Rahul Sheth*

(Tushar Shah)
Company Secretary
M.No.-F7216

(Rahul Sheth)
Chief Financial Officer



Place : Ahmedabad
Date : May 17, 2019

Mysore-Bellary Highway Private Limited

Notes to Financial statement for the year ended March 31, 2019

1. Company information:

Mysore – Bellary Highway Private Limited ("the Company") is a company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. It is subsidiary of Sadbhav Engineering Limited.

The Company was incorporated as a Special Purpose Vehicle (SPV) in February, 2014 , to augment the 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.

The financial statements were authorized for issue in accordance with a resolution of the directors on May 17,2019.

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, 2018 in the preparation and presentation of financial statements for the year ending on March 31, 2019.

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

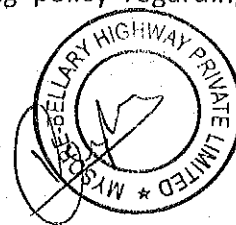
(b.) Basis of Presentation:

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 Measurement:

The financial statements have been prepared on historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).



Mysore-Bellary Highway Private Limited
Notes to Financial statement for the year ended March 31, 2019

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

(i) 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.



Mysore-Bellary Highway Private Limited

Notes to Financial statement for the year ended March 31, 2019

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.

(ii) Interest from financial asset:

Interest income is recognised using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

b. Gain/loss on Mutual fund

Gain or Loss on sale of mutual fund is recorded on transfer of title from the Company, and is determined as the difference between the sale price and carrying value of mutual fund and other incidental expenses.

3.3 Property Plant and Equipment

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

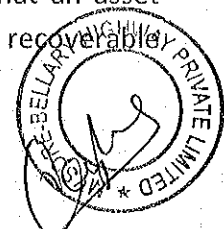
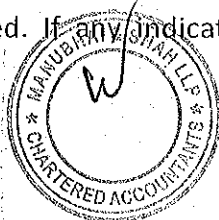
Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on Property, Plant and Equipment is calculated on written down value method basis using the ratio arrived as per the useful life prescribed under Schedule II to the Companies Act, 2013. In respect of Property, Plant and Equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. The residual value, useful live and method of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.4 Impairment – Non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists the company estimates the asset's recoverable



Mysore-Bellary Highway Private Limited

Notes to Financial statement for the year ended March 31, 2019

amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognised in the statement of profit and loss.

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 the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecasts calculation. These budgets and forecasts calculations generally covering a period of the concession agreements using long terms growth rates applied to future cash flows

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired

3.5 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.

3.6 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



Mysore-Bellary Highway Private Limited

Notes to Financial statement for the year ended March 31, 2019

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.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value and bank overdrafts.

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

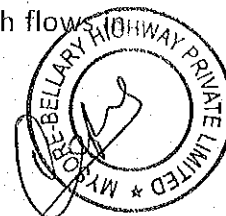
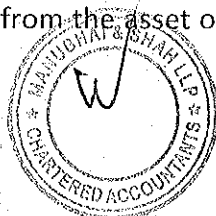
A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash 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).

- **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



Mysore-Bellary Highway Private Limited

Notes to Financial statement for the year ended March 31, 2019

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

The measurement of financial liabilities depends on their classification, as described below:



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

Financial liabilities at fair value through profit or loss include 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 attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

• **Loans and Borrowings**

This is the category most relevant to the Company. 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 derecognised 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 recognised 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



3.7 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.

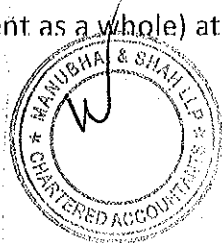
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 recognised 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.



Mysore-Bellary Highway Private Limited
Notes to Financial statement for the year ended March 31, 2019

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)

3.8 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 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 tax 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.



Mysore-Bellary Highway Private Limited
Notes to Financial statement for the year ended March 31, 2019

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.

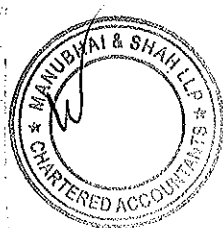
Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized 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.

As per provision of Income tax Act 1961, the Company is eligible for a tax holiday under section 80IA for a block of 10 consecutive assessment years out of 20 years beginning of toll operation. The current year is second year of company's operation and of claiming tax holiday. No deferred tax (assets or liabilities) is recognized in respect of temporary difference which reverse during tax holiday period, to the extent such gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing difference which is reverse after the tax holiday period is recognised in the year in which the timing difference originate. However, the company restricts recognition of deferred tax assets to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. For recognition of deferred tax, the timing difference which originate first are considered to reverse first.

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply 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.



3.9 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 recognised as a finance cost.

Contractual obligation to restore the infrastructure to a specified level of serviceability

The Company has contractual obligations to maintain the road to a specified level of serviceability or restore the road to a specified condition before it is handed over to the grantor of the Concession Agreements. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. The timing and amount of such cost are estimated and determined by estimated cash flows, expected to be incurred in the year of overlay. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to such obligation. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of such obligation are reviewed annually and adjusted as appropriate.

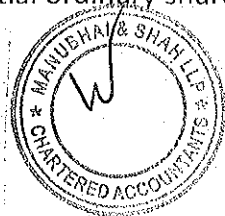
3.10 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain 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.

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 judgements, 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 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

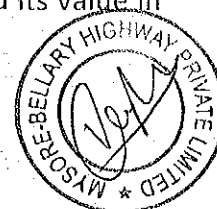
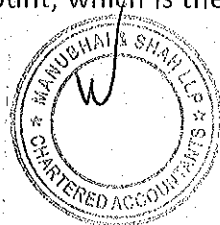
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where 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.

(iii) Taxes

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(iv) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in



Mysore-Bellary Highway Private Limited

Notes to Financial statement for the year ended March 31, 2019

use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget generally covering a period of the concession agreements using long terms growth rates and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

B.) Accounting Pronouncement Issued but not effective:

(i) Ind AS 116 "Leases"

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS116, Leases. Ind AS116 will replace the existing leases Standard, Ind AS17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019 however the effect on adoption will not have any impact on financial statement.

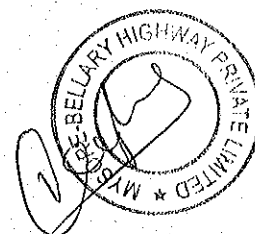
(ii) Ind AS 19 "Employee Benefits" (Plan Amendment, Curtailment or Settlement)

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement.

In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

(iii) Ind AS 23 "Borrowing Costs"

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that a Company borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31,2019

5 Property, Plant and Equipment

(INR in million)

Particulars	Computers	Vehicles	Total Tangible Assets
As at April 01, 2018			
Addition during the Year	0.08	0.20	0.28
As at March 31,2019	0.08	0.20	0.28
Accumulated Depreciation			
As at April 01, 2018			
Depreciation for the year	0.03	0.03	0.06
As at March 31,2019	0.03	0.03	0.06
Net Block			
As at March 31,2019	0.05	0.17	0.22

Note:

The total depreciation for the year has been included under depreciation in the Statement of Profit and Loss.

6 Financial Assets

	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Non Current Financial Assets		
Security Deposit	0.48	-
Annuity Receivable	2,835.29	3,581.96
Total	2,835.77	3,581.96
Current Financial Assets		
Lumpsum Amount Receivable from KSHIP	-	155.93
Annuity Receivable	1,444.38	1,430.11
Retention Money	-	10.16
Withheld deducted	1.96	1.96
Interest Accrued on Fixed Deposits	1.19	-
Interest Accrued on Income Tax Refund	2.15	-
Total	1,449.68	1,598.16

Note:

Fair value disclosures for financial assets are given in Note 36

7 Current Tax Assets

	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Tax Credit Receivables	17.89	-
	17.89	-



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31,2019

8 Other Assets	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Non Current		
Advance Tax and Tax Credits Receivable	26.64	45.46
Total	26.64	45.46
Current Assets		
Prepaid Expenses	0.56	0.48
Advance to Vendors	0.39	0.38
Input Tax Credit-GST	21.98	40.24
GST TDS Receivable	2.04	-
Total	24.97	41.10

9 Investments	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Unquoted		
Investments in Mutual Funds	11.09	1.50
Total	11.09	1.50
Fair value disclosures for financial assets are given in Note 36		
Aggregate amount of Unquoted Investments	11.09	1.50

The balance in mutual funds as at 31.03.2019

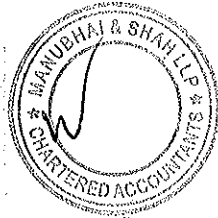
Particulars	Units	(INR in Million)
L&T Cash Fund- Growth Option Plan	7798.541	1.09

The balance in mutual funds as at 31.03.2018

Particulars	Units	(INR in Million)
Reliance Liquid Fund- Cash Plan- Growth	558.198	1.50

10 Cash and Cash Equivalents	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Cash On Hand	0.01	0.01
Balance with Banks in Current Accounts	16.88	540.69
Fixed Deposit Accounts (FD maturing within next year)	229.57	-
Total	246.46	540.70

Note: Balance with bank includes balance of Rs. 0.88 million (March 31, 2018 Rs 533.64 million) lying in the Escrow Accounts, as per terms of borrowings with the lenders.



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31,2019

11 Equity Share Capital

	March 31, 2019		March 31, 2018	
	No. of shares	(INR in Million)	No. of shares	(INR in Million)
Authorized Share Capital				
Equity Shares of Rs. 10 each	7,95,00,000	795.00	7,95,00,000	795.00
	7,95,00,000	795.00	7,95,00,000	795.00
Issued, Subscribed and fully paid up				
Equity Shares of Rs 10 each	7,90,70,000	790.70	7,90,70,000	790.70
	7,90,70,000	790.70	7,90,70,000	790.70

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	March 31, 2019		March 31, 2018	
	No. of shares	(INR in Million)	No. of shares	(INR in Million)
At the beginning of the year	7,90,70,000	790.70	7,90,70,000	790.70
Add: Issue during the year	-	-	-	-
Outstanding at the end of the year	7,90,70,000	790.70	7,90,70,000	790.70

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

The Company has one class of shares referred to as equity shares having a par value of Rs.10 each. Each shareholder is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Share held by holding Company:

Out of issued, subscribed and paid up equity capital 58,511,800 (March 31, 2018: 58,511,800) are held by Sadbhav Engineering Limited - Holding Company and its nominees

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

Particulars	March 31, 2019		March 31, 2018	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Equity Shares of Rs 10 each fully paid				
Sadbhav Engineering Limited & its nominees	5,85,11,800	74%	5,85,11,800	74%
GKC Projects Limited	2,05,58,200	26%	2,05,58,200	26%
Total	7,90,70,000	100%	7,90,70,000	100%

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.

12 Other Equity

12.1 Retained Earnings

Surplus in statement of profit and loss

	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Balance as per last financial statement	25.37	(7.53)
Add: Profit for the year	69.39	32.90
Add / (Less): OCI for the year		
Balance at the end of the year	Total 94.76	25.37



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31,2019

13 Non Current Borrowings

	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Secured		
Rupee Term Loans	3,407.12	4,091.34
Total	3,407.12	4,091.34
Less: Current maturities of non current borrowings	(742.15)	(626.05)
Total	(742.15)	(626.05)
Total Non Current Borrowings	2,664.97	3,465.29

(i) Nature of Security

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

- (a) first mortgage and charge on all the Company's immovable properties, both present and future, save and except the Project Assets;
- (b) first charge on all the Company's tangible movable assets, including movable 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;
- (c) 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;
- (d) 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
- (e) 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;
 - all the right, title, interest, benefits, claims and demands whatsoever of the Company under all Insurance Contracts.
- (f) 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.
- (g) Corporate Guarantee from Sadbhav Engineering Limited guaranteeing the repayment of the Secured Obligations.
- (h) -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 (a) to (g) 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 Concession Agreement, without any preference or priority to one over the other or others; Provided further that the charge over the receivables stipulated in para (c) above for the benefit of the WC lenders would not include the Termination Payment, and
 - the Security Interest stipulated in para (a) to (f) above shall exclude the Project Assets (as defined in and in accordance with the Concession Agreement).

(ii) Terms of Repayment of Loans:

- (a) The Principal amounts of the Loan is repayable to the Lenders in 14 half yearly structured installments 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, commencing from the First Repayment date (February 2018). The Company has the option to prepay the loan after the payment of Prepayment Premium.



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31,2019

14 Current Borrowings	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Unsecured		
Loan from Related Party (Refer Note 31)	109.70	512.42
Total (b)	109.70	512.42
15 Trade Payable	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Trade Payable		
-Dues to Micro & small enterprises (Refer Note 34)	-	-
-Dues to other	22.50	27.12
-Dues to related parties (Refer Note 31)	158.43	247.56
Total	180.93	274.68
16 Other Financial Liabilities	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Current Maturities of Non-Current Borrowings (Refer Note 13)	742.15	626.05
Interest Accrued and due on Other Borrowings	4.75	44.81
Interest Accrued and due on Borrowings to Banks	10.26	-
Employee emoluments payable	0.15	-
Total	757.31	670.86
Note:		
Fair value disclosures for financial liabilities are given in Note 36		
17 Current Tax Liability	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Provision for Income tax (Net)	7.27	-
Total	7.27	-
18 Other Current Liabilities	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Statutory dues	6.65	21.18
Due to others	0.40	0.40
Total	7.05	21.58
19 Short Term Provisions	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Provision for Incomplete Work (Refer Note 29)	-	47.98
Provision for Leave Encashment	0.03	-
Total	0.03	47.98



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31, 2019

20 Revenue From Operations

	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Construction Contract Revenue	-	472.78
Operations & Maintenance Contract Revenue	176.14	16.17
Change of Scope Income	241.99	87.47
Total	418.13	576.42

Disclosure pertaining to Ind AS 115 - Revenue from Contracts with Customers

(i) Disaggregation of Revenue

	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Revenue from Operation & Maintenance Services	176.14	16.17
Revenue from Construction Services	241.99	560.25
	418.13	576.42

(ii) Trade receivables and contract balances

The company classifies the right to consideration in exchange for deliverables as either receivable or unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. During the construction period the revenue has been recognised upon transfer of control of promised services to customers. Invoices are issued to the customer when the annuity is due for payment as defined in the Concession Agreement with Karnataka State Highways Improvements Projects.

(iii) Changes in amount of Contract Assets:

	March 31, 2019 (INR in Million)
Opening Balance	5012.08
Less: Annuity Received for Construction and Operations and Maintenance	(1,418.08)
Add: Notional Finance Income on Annuity Receivable	509.53
Operation and Maintenance Contract Revenue	176.14
Closing Balance	4279.67

(iv) Reconciliation of the amount of revenue recognised in the statement of profit and loss with contract price has not provided as there is no adjustment made with respect to contract price.

21 Other Income

	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Notional Finance income on Annuity Receivable	509.53	568.16
Gain on sale of investment	0.25	0.07
Unrealized Gain on Sale of Investment *	0.08	0.00
Interest on Fixed Deposit	18.72	-
Interest on Income Tax Refund	2.69	-
Miscellaneous Income	-	0.02
Total	531.27	568.25

Note -Notional Finance Income on Annuity Receivable is recognised during the year using effective interest rate method where the effective interest rate is taken as 10.72% per annum.

* Amount INR 4 297 in Previous Year is below the rounding off norm of the company



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31,2019

22 Construction Expenses	March 31, 2019 (INR In Million)	March 31, 2018 (INR In Million)
Construction Contract Expense	-	437.25
Change of Scope Expense	241.99	87.47
Total	241.99	524.72
23 Operating expense	March 31, 2019 (INR In Million)	March 31, 2018 (INR In Million)
Incident Management Expenses	33.42	-
Routine Road Maintenance Expenses	76.84	-
Road Maintenance Expenses	1.66	-
Site Expenses	0.10	-
Power & Fuel	0.24	-
Vehicle Expenses	0.32	-
Total	112.58	-
24 Employee Benefit Expenses	March 31, 2019 (INR In Million)	March 31, 2018 (INR In Million)
Salaries, wages and other allowances	1.47	-
Contribution to provident fund & other funds	0.09	-
Staff welfare expenses	0.43	-
Leave Salary Expense	0.08	-
Total	2.07	-
25 Finance Cost	March 31, 2019 (INR In Million)	March 31, 2018 (INR In Million)
Interest On		
Long Term Loans	428.55	472.20
Short Term Loan	43.79	65.41
Other Borrowing Cost		
Bank Charges	1.40	0.22
Amortisation of Processing Fees	0.85	0.85
Processing Fees	-	0.42
Bank Guarantee Commission	-	0.17
Interest on Income Tax	-	0.08
Total	474.59	539.35
26 Other Expenses	March 31, 2019 (INR In Million)	March 31, 2018 (INR In Million)
Rent	1.57	0.94
Auditor Remuneration	0.43	0.10
Legal & Professional Fees & Expense	34.23	28.83
Communication Expense	0.05	-
Repairs & Maintenance Expense	0.13	-
Insurance Expense	2.04	-
Miscellaneous Expense	0.15	1.56
Total	38.60	31.43
Payment to auditors:	March 31,2019 (INR In Million)	March 31, 2018 (INR in Million)
Statutory audit fees	0.39	0.07
Certification fees	0.01	0.01
Tax Audit	0.03	0.02
Others*	-	-
Total	0.43	0.10

*Amount of INR 5 000 in Previous Year is below rounding off norm adopted by company



Mysore Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31, 2019

27 Income Tax expense

The major component of income tax expenses for the year ended March 31, 2019 and March 31, 2018 are as under:

a) Profit and Loss Section

	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Current tax		
Current tax charges	16.37	16.27
Tax Expense reported in the Statement of Profit and Loss	16.37	16.27

(b) A Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

Particulars	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Accounting profit before tax	79.51	49.17
Statutory income tax rate	20.59%	33.063%
Expected income tax expenses	16.37	16.26
Tax Effect of adjustments to reconcile expected income tax expenses to reported income tax expenses		
Tax effect of non deductible items	-	0.03
Tax on income at different rates	-	-
Tax effect on brought forward losses not recognised earlier	-	(0.01)
Income tax expenses as per normal tax rate	16.37	16.27
Consequent to reconciliation items shown above, the effective tax rate	20.59%	33.09%

(c) Deferred Tax

The movement in deferred tax assets and liabilities during the year ended March 31, 2019 and March 31, 2018.

Particulars	Balance sheet		Statement of Profit and Loss	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(INR in Million)			
Expenditure allowable over the period	-	-	-	(1.84)
Expenditure allowable on payment basis	-	-	-	1.84
Total deferred tax expenses/(Income)	-	-	-	-
Net deferred tax assets/(liabilities)*	-	-	-	-
Deferred Tax Asset not Recognized	-	0.01	-	-

Note

* Amount of Rs. 3247 is below rounding off norm adopted by the Company.

1 The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31,2019

28 Earning/(loss) Per Share (EPS):

The following reflects the Income and share data used in the basic and diluted EPS computations:

Particulars	Unit	March 31, 2019	March 31, 2018
Net Profit as per Statement of Profit & Loss	INR in Million	69.39	32.90
Total No. of Equity Shares at the end of the year		7,90,70,000	7,90,70,000
Weighted average number of equity shares outstanding during the Period		7,90,70,000	7,90,70,000
Nominal Value of Equity Shares		10	10
Basic & Diluted Earnings/(Loss) per share	INR	0.88	0.42

29 Movement In Provisions

Provision of Incomplete Work	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Carrying amount at beginning of the year	47.98	-
Add: Provision made during the Year	-	47.98
Add: Increase during the year in the discounted amount due to passage of time	-	-
Less: Amounts used during the Year	-	-
Less: Unused amounts reversed during the Year	(47.98)	-
Carrying amount at end of the year	-	47.98
Expected time of outflow	-	FY 2018-19

30 Contingent Liabilities/ Commitments

- (i) There are no contingent liabilities, pending litigations/claims against the company as on March 31, 2019 and March 31,2018
- (ii) There were no Commitments outstanding as on March 31, 2019 and March 31,2018



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31, 2019

31 Related Party Disclosures:

Related party disclosures as required under the Indian Accounting Standard (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:		
	Holding Company	Sadbhav Engineering Limited (SEL)
	Fellow subsidiary	Sadbhav Infrastructure Project Limited (SIPL)
	Key Managerial Personnel	Mr. Vikram R. Patel (Director) * Mr. Nitin R. Patel (Director) * Mr. Tushar D Shah (CS) *

* The Company has not entered into any transactions with KMP.

(II) Transactions with Related Parties during the Year:

No.	Particulars	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
(i)	Unsecured Loan received		
	-SEL	16.00	512.43
(ii)	Unsecured Loan & interest repaid		
	-SIPL	-	7.40
	-SEL	498.19	-
(iii)	Interest on short term loan		
	-SEL	43.79	65.41
(iv)	Loan in Lieu of Grant received		
	-SEL	-	837.93
(v)	Loan in Lieu of Grant repaid		
	-SEL	-	1,544.93
(vi)	Rent Expense		
	-SEL	1.06	0.94
(vii)	Construction Contract Charges		
	-SEL	-	437.25
(viii)	Change of Scope Expense		
	-SEL	241.99	87.47
(ix)	Incident Management Expense		
	-SIPL	33.42	-
(x)	Routine Road Maintenance Expense		
	-SIPL	76.84	-
(xi)	Reimbursement of Expenses		
	-SEL	-	-
	-SIPL	28.67	15.80



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31,2019

(III) Balance outstanding as at the Year end:

No.	Particulars	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
(i)	Unsecured Loan		
	-SIPL	-	-
	-SEL	109.70	512.42
(ii)	Interest Payable		
	-SEL	4.75	44.81
(iii)	Payable towards Operation & Maintenance Work		
	- SIPL	36.65	-
(iv)	Payable towards Construction contract including retention		
	-SEL	111.20	242.44
(v)	Payable towards withheld deducted (COS)		
	-SEL	4.00	-
(vi)	Payable towards Reimbursement of Expenses		
	-SEL	5.57	5.12
	-SIPL	1.00	-

(IV) Terms and conditions:

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 except short term loan and settlement occurs in cash as per the terms of the agreement.
2. Loans in INR taken from the related party carries interest rate 11%.
3. The Company has not provided any commitment to the related party as at March 31, 2019 (March 31, 2018: INR Nil)
4. Corporate Guarantee is provided by Sadbhav Engineering Limited guaranteeing the repayment of the Secured Obligations.

32 Segment Reporting

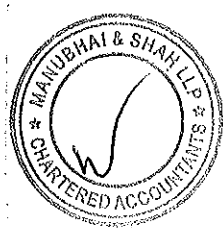
The operating segment of the company is identified to be "DBFMOT (Annuity Basis)", as the Chief Operating Decision Maker (CODM) reviews business performance at an overall company level as one segment and hence, does not have any additional disclosures to be made under Ind AS 108 Operating Segments. Further,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

33 Operating Lease:

Office premise of the Company have been taken on operating lease basis. The lease rent paid during the year INR 1.06 million (March 31, 2018: INR 0.94 million). These operating lease agreement are cancellable by giving short period notice by either of the parties to the agreement.

34 Dues To MSME

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.



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31, 2019

35 Disclosure of Financial Instruments by Category

(INR in Million)

Particulars	Note no.	March 31, 2019			March 31, 2018		
		FVTPL	FVTOCI	Amortized	FVTPL	FVTOCI	Amortized
Financial asset							
Annuity Receivable	6	-	-	4,279.67	-	-	5,012.08
Investments in Mutual fund	9	11.09	-	-	1.50	-	-
Cash & Cash Equivalent	10	-	-	246.46	-	-	540.70
Other Financial Assets	6	-	-	5.78	-	-	168.05
Total Financial Asset		11.09	-	4,531.91	1.50	-	5,720.82
Financial liability							
Non Current Borrowings	13	-	-	2,664.97	-	-	3,465.29
Current Borrowings	14	-	-	109.70	-	-	512.42
Trade Payables	15	-	-	180.93	-	-	196.84
Other Financial Liabilities	16	-	-	757.31	-	-	748.70
Total Financial Liabilities		-	-	3,712.92	-	-	4,923.24

35.1 Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

36 Fair value disclosures for financial assets and financial liabilities

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(INR in Million)

Particular	Note No.	March 31, 2019		March 31, 2018	
		Carrying	Fair value	Carrying	Fair value
Financial Assets					
Investment in Mutual Fund	9	11.09	11.09	1.50	1.50
Total		11.09	11.09	1.50	1.50

Notes:

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

b. The carrying value of Company's interest-bearing borrowings are reasonable approximations of fair values as the borrowing carry floating interest rate.

c. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumption were used to estimate the fair values:

a) Investments in units of Mutual Funds which are not traded in active market is determined using closing NAV

37 Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for financial assets as at March 31, 2019 and March 31, 2018

(INR in Million)

Note No.	Fair value measurement using Significant observable inputs (Level 2)		
	March 31, 2019	March 31, 2018	
Assets measured at fair value			
Fair value through profit & loss			
Investment in Mutual fund	9	11.09	1.50

There have been no transfers between level 1 and level 2 during the years.



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31, 2019

38 Financial Instruments risk management objective & policies

The Company's principal financial liabilities comprise borrowings and 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 investments, other receivables and cash and bank balance that derive directly from its operations.

The Company's activities expose it to market risk, credit risk and liquidity risk. 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.

(a) Market risk

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

Within the various methodologies to analyse and manage risk, Company has implemented a system based on "sensitivity analysis" on symmetric basis. This tool enables the risk managers to identify the risk position of the entities. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a parallel shift of 25-basis points of the interest rate yield curves in all currencies

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of profit & loss may differ materially from these estimates due to actual developments in the global financial markets.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and provisions.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018

(b) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Variable rate borrowings in INR	3411.38	4096.45

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Interest Rate Risk Analysis	Effect on profit before tax	
	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Interest rate increase by 25 basis point	(8.53)	(10.24)
Interest rate decrease by 25 basis point	8.53	10.24



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31,2019

(c) 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

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

Particulars	Total	On Demand	upto 1 year	1 - 2 years	(INR in Million)	
					2 - 5 years	> 5 years
As at March 31,2019						
Rupee Term Loan	3,411.38	-	743.01	812.48	1,855.90	-
Trade Payable	180.93	-	180.93	-	-	-
Loan from Related Party	109.70	109.70	-	-	-	-
Other Financial liabilities	15.16	-	15.16	-	-	-
As at March 31,2018						
Rupee Term Loan	4,096.45	-	626.90	692.89	2,210.65	566.02
Trade Payable	196.84	-	196.84	-	-	-
Loan from Related Party	512.42	512.42	-	-	-	-
Other Financial liabilities	122.65	-	122.65	-	-	-

(d) 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 exposed to credit risk related to financing activities, including temporary investment in mutual fund and other financial instruments.

Financial Instruments and Temporary Investment in Mutual Fund

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only in accordance with company policy. The Company monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance sheet as of March 31, 2019 is Rs. 4543 million and March 31, 2018 is Rs.5722.33 million

(e) Collateral

(The Company's all financial & other assets have been pledged against Non Current Borrowings in order to fulfill the collateral requirement of the Lenders. The fair value of such financial & other assets is disclosed in note no.35)



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31,2019

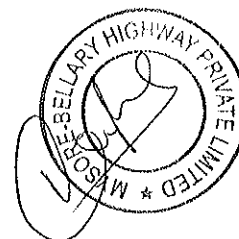
39 Capital Management

For the purpose of the Company's capital management, Capital consists of share capital. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or obtained additional sub-ordinate debts. The Company monitors capital using debt equity ratio which does not exceed 1.48:1, which is total Borrowings divided by total equity excluding balance of deficit in statement of profit & loss.

The key performance ratios as at 31. March are as follows

Particulars	March 31, 2019 (INR in Million)	March 31, 2018 (INR in Million)
Borrowings (refer note 13)	3407.12	4091.34
Total Debts - A	3407.12	4091.34
Equity Share Capital (refer note 11)	790.70	790.70
Grant From KSHIP	2392.09	2217.46
Total Equity - B	3182.79	3008.16
Debt equity ratio (A/B)	1.07	1.36



Mysore-Bellary Highway Private Limited
Notes to Financial Statements for the year ended March 31,2019

40 Disclosure pursuant to Appendix - E to Ind AS 115 - " Revenue from Contract with Customers"

40.1 Description and classification of the arrangement

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.

40.2 Significant Terms of the Arrangements

(a) Annuity

The Authority shall be liable to pay Annuity to Concessionaire upon achieving COD for the Project Highway and in consideration of the Concessionaire accepting the Concession and undertaking to perform and discharge its obligations in accordance with the terms and conditions as set forth in the agreement. For each Annuity Payment period, on each Annuity Payment Date a sum of Rs 71.15 crores shall be payable.

(b) Payment of Annuity

The number of such Annuity payments shall not exceed 2 per year and such annuity payment shall not exceed 15 over Concession Period.

(c) Bonus on Early Completion

The SCA also provides for payment of bonus in the event the COD is achieved prior to the scheduled completion date. Such payment of bonus shall be paid by the Authority alongwith the first Annuity on the first Annuity Payment date.

(d) Escrow Account:-

In terms of the SCA, the company shall enter into an Escrow Agreement, substantially in the form set forth in schedule 'S' of the SCA, with NHAI, Escrow bank and senior lenders and shall establish Escrow Account with the Escrow bank. The company also require to deposit and made withdrawals as described in the Escrow Agreement. Accordingly, the company has entered into an Escrow agreement with the Kotak Mahindra Bank Ltd and NHAI.

(e) Details of Termination

SCA can be terminated on account of default of the company or KSHIP in the circumstances as specified under Clause 37 of the SCA.

(f) Restriction on assignment and charges:-

In terms of the SCA the company shall not assign, transfer or dispose of all or any rights and benefits under SCA or create any encumbrances thereto except with prior consent of NHAI.

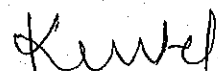
(g) Changes in SCA:-

There has been no change in the concession arrangement during the year.

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

As per our report of even date

For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Registration No. 106041W/W100136

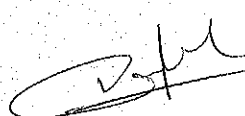


(K. C. Patel)
Partner
Membership No.30083



Place : Ahmedabad
Date : May 17, 2019

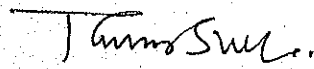
For & on behalf of Board of Directors of
Mysore Bellary Highway Private Limited



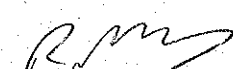
(Vikram Patel)
Director
DIN:00048318



(Nitin Patel)
Director
DIN:00466330



(Tushar Shah)
Company Secretary
M.No.-F7216



(Rahul Sheth)
Chief Financial Officer

Place : Ahmedabad
Date : May 17, 2019