

# Manubhai & Shah LLP

Chartered Accountants

## INDEPENDENT AUDITOR'S REPORT

To

The Members of

Sadbhav Hybrid Annuity Project Limited

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Sadbhav Hybrid Annuity Project 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 loss 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 audit 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. The other information is expected to be made available to us after the date of this auditor's report.

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.

**Management's Responsibility for the Financial Statements**

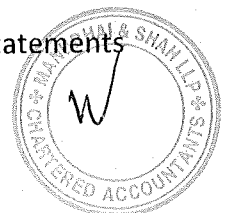
The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes 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.

Those 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



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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.

**Sadbhav Hybrid Annuity Project Limited**  
**Independent Auditor's Report for the Financial Year 2018-2019**

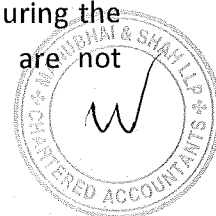


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 no managerial remuneration has been paid by the company during the current financial year and therefore the provisions of section 197(16) are not



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applicable.

- (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.

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



*K C Patel*

(K C Patel)

Partner

Membership No. 30083

Place: Ahmedabad  
Date: May 18, 2019

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.

### **Opinion**

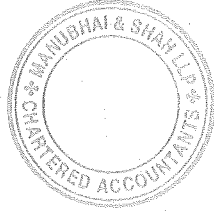
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

**Sadbhav Hybrid Annuity Project Limited**  
**Independent Auditor's Report for the Financial Year 2018-2019**



**Manubhai & Shah LLP**  
**Chartered Accountants**

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 18, 2019**

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

*K C Patel*

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

**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 Sadbhav Hybrid Annuity Project 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 Sadbhav Hybrid Annuity Project Limited ('the Company')**

- (i) The Company had no fixed assets during and at the year end. Therefore, the reporting requirements of paragraph 3(i) of the Order is not applicable.
- (ii) The Company did not have any physical inventories. Consequently the reporting requirements of clause 3(ii) of the Order are not applicable.
- (iii) (a) The Company has granted loan to its holding company (the "borrower") listed in the register maintained under section 189 of the Act. In our opinion and according to information provided to us, the terms and the conditions of loan are not prima facie prejudicial to the Company's interest.  
(b) The loan is repayable on demand.  
(c) The principal and interest are not overdue for more than ninety days in respect of  
loan granted to its holding Company listed in register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanation given to us, in respect of loan given by the Company to holding company, the provisions of sections 185 and 186 of the Act are not applicable and hence not commented upon. Further the Company has not made investment or provided guarantees or security, attracting the provisions of Section 185 and 186 of the Act.
- (v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act. Accordingly, the provision of clause 3 (vi) of the Order is not applicable.
- (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, income tax, 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.





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According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, goods and services tax and other material statutory dues as applicable were in arrears as at 31<sup>st</sup> March 2019 for a period of more than six months from the date they became payable.

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

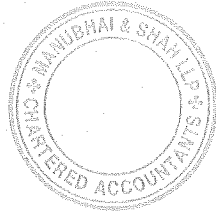
- (viii) Based on our audit procedure and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer. In our opinion and according to the information and explanations given by the management, the company has utilized the monies raised by loan from financial institutions 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 or by its employees has been noticed or reported during the year.
- (xi) No managerial remuneration has been paid or provided by the Company during the year. Accordingly the reporting requirement of paragraph 3(xi) of the Order is not applicable.
- (xii) In our opinion the Company is not a Nidhi Company. Therefore the 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.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with him and hence the provision of Section 192 of the Act is not applicable.



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**Chartered Accountants**

- (xvi) According to the information given and as explained to us, the company being core investment company referred to in the Core Investment Companies (Reserve Bank) Directions, 2016 is exempted from registration under section 45-IA of the Reserve Bank of India Act, 1934 in terms of Master Direction No DNBR.PD.001/03.10.119/2016-17 dated August 25, 2016 of Reserve Bank of India.

Place: Ahmedabad  
Date: May 18, 2019



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

*K C Patel*

(K C Patel)  
Partner  
Membership No. 30083

Sadbhav Hybrid Annuity Projects Limited		
Balance Sheet as at March 31, 2019		
Particulars	Note No.	As at March 31, 2019 (INR in Million)
<b>ASSETS</b>		
<b>1. Non-current Assets</b>		
(a) Financial Assets		
(i) Investment	5	350.00
(b) Other Non Current Assets	6	0.16
		<b>350.16</b>
<b>2. Current Assets</b>		
(a) Financial Assets		
(i) Cash and Cash Equivalents	7	0.44
(ii) Loan	8	113.65
(iii) Other Assets	9	1.42
(b) Other Current Assets	6	5.60
		<b>121.11</b>
<b>Total Assets</b>		<b>471.27</b>
<b>EQUITY AND LIABILITIES</b>		
<b>1. EQUITY</b>		
(a) Equity Share Capital	10	0.50
(b) Other Equity	11	(46.66)
<b>Total Equity</b>		<b>(46.16)</b>
<b>2. LIABILITIES</b>		
<b>1 Non Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	12	473.65
<b>Total Non-current Liabilities</b>		<b>473.65</b>
<b>2 Current Liabilities</b>		
(a) Financial Liabilities		
(i) Trade Payables		
-Dues to Micro & Small Enterprises (Refer Note No. 28)		
-Dues to Other than Micro & Small Enterprises	13	3.77
(ii) Other Financial Liabilities	14	35.75
(b) Other Current Liabilities	15	4.26
<b>Total Current liabilities</b>		<b>43.78</b>
<b>Total Equity and Liabilities</b>		<b>471.27</b>
<b>Significant Accounting Policies</b>	3	

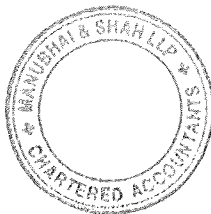
Accompanying notes are an integral part of the financial statements

As per our report of even date attached  
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 18, 2019



For & On behalf of the Board of Directors of  
Sadbhav Hybrid Annuity Projects Limited

*Vasistha C. Patel*  
(Vasistha C. Patel)  
Director  
DIN: 00048324

*Nitinkumar Patel*  
(Nitinkumar Patel)  
Director  
DIN: 00466330

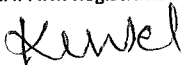
Place: Ahmedabad  
Date: May 18, 2019



Sadbhav Hybrid Annuity Projects Limited Statement of Profit and Loss for the year ended March 31, 2019 ( Period from June 26, 2018 to March 31, 2019 )		
Particulars	Note No.	Year Ended March 31, 2019 ( For the period from June 26, 2018 to March 31, 2019 ) (INR in Million)
<b>INCOME</b>		
I Revenue From Operations		-
II Other Income	16	1.58
III Total Income (I+II)		1.58
<b>EXPENSES</b>		
Construction Expense		-
Finance Cost	17	46.56
Other Expenses	18	1.68
IV Total Expenses		48.24
V Loss before tax (III-IV)		(46.66)
VI Tax expenses		-
Current tax		-
VII Loss for the year (V-VI)		(46.66)
VIII Other Comprehensive Income		-
<b>Total Comprehensive Income for the year, net of tax (VII+VIII)</b>		<b>(46.66)</b>
Loss Per Share (Nominal Value of share INR 10/-) Basic & Diluted	19	(1,203.60)
Significant Accounting Policies	3	

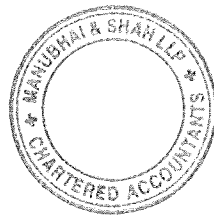
Accompanying notes are an integral part of the financial statements

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



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

Place: Ahmedabad  
Date: May 18, 2019



For & On behalf of the Board of Directors of  
Sadbhav Hybrid Annuity Projects Limited

  
(Vasistha C. Patel)  
Director  
DIN: 00048324

  
(Nitinkumar Patel)  
Director  
DIN: 00466330

Place: Ahmedabad  
Date: May 18, 2019



**Sadbhav Hybrid Annuity Projects Limited**  
**Cash Flow Statement for the year ended March 31, 2019**  
**( Period from June 26, 2018 to March 31, 2019)**

Particulars	Year ended March 31, 2019 (INR in Million)
<b>(A) Cash flows from operating activities</b>	
Loss before Tax	(46.66)
Adjustments to reconcile profit before tax to net cash flows:	
Interest and other borrowing cost	41.90
Amortisation of Processing Fees	4.65
<b>Operating Loss before working capital changes</b>	<b>(0.11)</b>
<b>Working Capital Changes:</b>	
Increase/(Decrease) in other current financial assets	(1.42)
Increase/(Decrease) in other current assets	(5.60)
Increase/(Decrease) in other current financial liabilities	3.78
Increase/(Decrease) in other current liabilities	4.26
Increase/(Decrease) in other Non - Current Assets	(0.16)
<b>Net cash flow generated from operating activities</b>	<b>0.75</b>
<b>(B) Cash flows from investing activities</b>	
Subdebt given during the Year	(350.00)
<b>Net cash (used in) investing activities</b>	<b>(350.00)</b>
<b>(C) Cash flows from financing activities</b>	
Proceeds from long term borrowings	500.00
Processing Fees Paid	(31.00)
Short Term Loan Received	34.38
Short Term Loan Repaid	(34.38)
Loan to Holding Company	(113.65)
Equity share capital received	0.50
Interest and other borrowing cost paid	(6.15)
<b>Net cash generated from financing activities</b>	<b>349.69</b>
<b>Net increase in cash and cash equivalents</b>	<b>(A + B + C) 0.44</b>
Cash and cash equivalents at beginning of the year	-
<b>Cash and cash equivalents at end of the year</b>	<b>0.44</b>

**Notes:**

- (i) Components of cash and cash equivalents (refer note 7)

Cash on hand  
Balances with banks  
in current accounts  
**Total Cash and cash equivalents**

March 31, 2019 (INR in Million)
0.02
0.42
<b>0.44</b>

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

(iii) Reconciliation of Financial Liabilities	Cash flows	Transaction Cost	Non - Cash Adjustments	Finance Cost	(INR in Million)
					As at March 31, 2019
Long Term Borrowings	500.00	(31.00)	4.65	-	473.65
Interest accrued but not due on borrowings	(6.15)			41.90	35.75

- (iv) Figures in brackets represent outflows.

Accompanying notes are an integral part of the financial statements

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

*K.C. Patel*

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



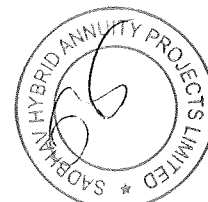
Place: Ahmedabad  
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For & On behalf of the Board of Directors of  
Sadbhav Hybrid Annuity Projects Limited

*Vasistha C. Patel*  
(Vasistha C. Patel)  
Director  
DIN: 00048324

*Nitinkumar Patel*  
(Nitinkumar Patel)  
Director  
DIN: 00466330

Place: Ahmedabad  
Date: May 18, 2019

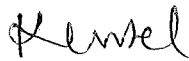


**Sadbhav Hybrid Annuity Projects Limited**  
**Statement of Changes in Equity for the period ended March 31, 2019**  
( For the period from June 26, 2018 to March 31, 2019)

A Equity Share Capital		(INR in Million)	
Equity Shares of INR 10 each issued, Subscribed and fully paid	No. of Shares	Amount	
As at April 01, 2018	-	-	
Changes during the year	50 000	0.50	
As at March 31, 2019	50 000	0.50	

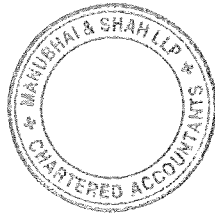
B Other Equity			(INR in Million)
Particulars	Retained Earning	Total other equity	
As at the April 01, 2018	-	-	
(Loss) for the year	(46.66)	(46.66)	
As at the March 31, 2019	(46.66)	(46.66)	

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



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

Place: Ahmedabad  
Date: May 18, 2019

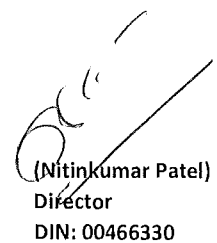


For & On behalf of the Board of Directors of  
Sadbhav Hybrid Annuity Projects Limited



(Vasantha C. Patel)  
Director  
DIN: 00048324

Place: Ahmedabad  
Date: May 18, 2019



(Nitinkumar Patel)  
Director  
DIN: 00466330



**(d) Use of estimates and judgements:**

The preparation of these financial statements is in conformity with IND AS which requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provisions for major maintenance expenses, fair value measurement etc. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**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:

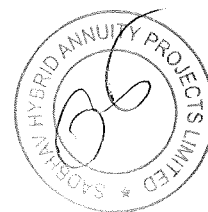
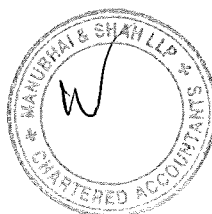
- It is expected to be settled in the normal operating cycle;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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 assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its normal operating cycle.



### **3.2 Foreign Currencies**

#### **Transactions and balances**

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transaction and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognized in profit or loss with the exception of long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

### **3.3 Revenue Recognition**

#### **Interest**

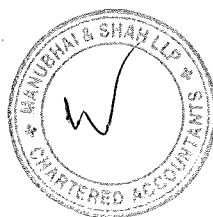
Interest income is recognized using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, 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.

### **3.4 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 consists 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.

### **3.5 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.





**Sadbhav Hybrid Annuity Projects Limited**  
**Notes to Financial statement for the year ended March 31, 2019**

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**Company as Lessee**

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term except the case where incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period.

**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 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 :**

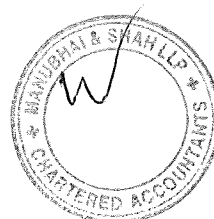
A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal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



**Sadbhav Hybrid Annuity Projects Limited**  
**Notes to Financial statement for the year ended March 31, 2019**

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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**

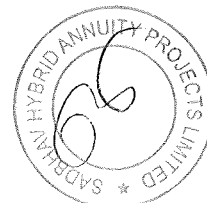
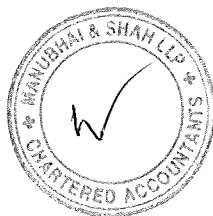
A financial asset is de-recognized when the contractual rights to the cash flows from the financial asset expire or the Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third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

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

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

**iv. Impairment of financial assets**

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



**Sadbhav Hybrid Annuity Projects Limited**  
**Notes to Financial statement for the year ended March 31, 2019**

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**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 recognized in the statement of profit or loss.

• **Loans and Borrowings**

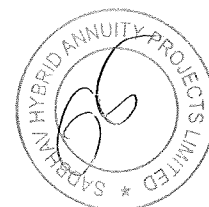
This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

**iii. Derecognition of financial liabilities**

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or



**Sadbhav Hybrid Annuity Projects Limited**  
**Notes to Financial statement for the year ended March 31, 2019**

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modification is treated as the DE recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**c) Offsetting of financial instruments**

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

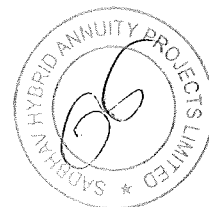
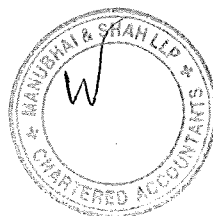
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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



**Sadbhav Hybrid Annuity Projects Limited**  
**Notes to Financial statement for the year ended March 31, 2019**

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

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

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

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

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

This note summarizes 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)

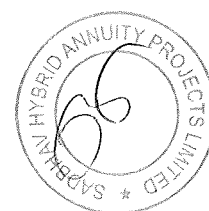
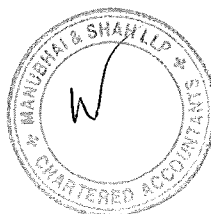
### **3.8 Income tax**

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 recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current income tax is recognized 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.



**Sadbhav Hybrid Annuity Projects Limited**  
**Notes to Financial statement for the year ended March 31, 2019**

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**Deferred Tax**

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

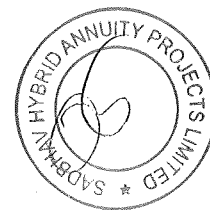
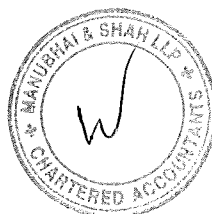
Deferred tax liabilities are recognized for all taxable temporary differences excepts when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

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.

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

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

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



**Sadbhav Hybrid Annuity Projects Limited**  
**Notes to Financial statement for the year ended March 31, 2019**

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**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 recognized as a finance cost.

**3.10 Contingent liabilities and assets**

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

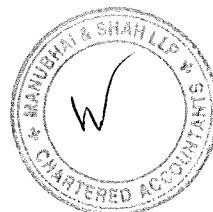
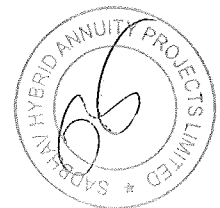
Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognized as and when the same is approved by the respective authorities with whom the claim is lodged.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset 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.



**Sadbhav Hybrid Annuity Projects Limited**  
**Notes to Financial statement for the year ended March 31, 2019**

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**3.12 Segment reporting**

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

**4. 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.

**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.

**Fair value measurement of financial instruments**

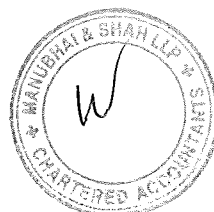
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where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

**Taxes**

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

**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 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





**Sadbhav Hybrid Annuity Projects Limited**  
**Notes to Financial Statements for the period ended March 31, 2019**

**5 Non Current Financial Asset**

Non Current Investment (valued at cost)	March 31, 2019 (INR in Million)
Subordinate Debts (Refer Note 21)	350.00
<b>Total</b>	<b>350.00</b>

Investment in perpetual debts in form of Sub-ordinate debts are interest free, redeemable at issuer's option and redemption can be deferred indefinitely as per the terms of contract.

**6 Other Assets**

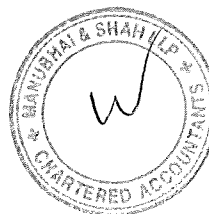
Non Current Assets	March 31, 2019 (INR in Million)
Tax Credit Receivable (Net)	0.16
<b>Total</b>	<b>0.16</b>

**Current Assets**

Input GST Credit Receivable	March 31, 2019 (INR in Million)
	5.60
<b>Total</b>	<b>5.60</b>

**7 Cash and Cash Equivalants**

Cash on Hand	March 31, 2019 (INR in Million)
Balance with Banks	0.02
in current accounts	0.42
<b>Total</b>	<b>0.44</b>



**8 Loan**

**March 31, 2019**  
**(INR in Million)**

**Loan to Related Party**

Loans Receivables considered good - Secured	-
Loans Receivables considered good - Unsecured (Refer Note 21)	113.65
Loans Receivables which have significant increase in Credit Risk	-
Loans Receivables - credit impaired	-

**Total** 113.65

**Note :** Loan given to holding company carries interest rate of 11% repayable on demand.

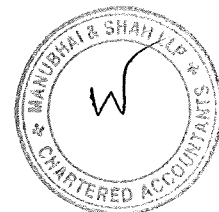
**9 Other Current Financial Asset**

**March 31, 2019**  
**(INR in Million)**

Interest Receivable on loan to related party (Refer Note 21)

1.42

**Total** 1.42



**Sadbhav Hybrid Annuity Projects Limited**  
Notes to Financial Statements for the period ended March 31, 2019

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

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

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

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

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

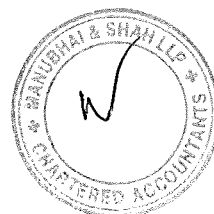
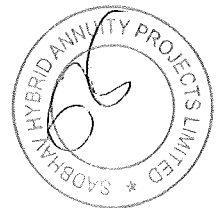
(c) Share held by holding Company:

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

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

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

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



**11 Other Equity**

March 31, 2019  
(INR in Million)

**Retained Earning**

Surplus/(Deficit) at the beginning of the Year

Add: Net (Loss) after tax transferred from Statement of Profit and Loss

(Deficit) at the end of the Year

-

(46.66)

(46.66)

**12 Non Current Borrowings**

March 31, 2019  
(INR in Million)

Term Loan - Secured

-Rupee Term Loan

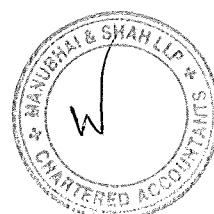
473.65

**Total** 473.65

\* Includes the effect of balance unamortised processing fee paid to Lenders on upfront basis.

**(i) Nature of Security:****The details of security in respect of long term borrowings are as under:**

- 1 First charge on all the Company's movable assets (present and future) wherever situated, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future;
- 2 First charge on all the Company's current assets, including but not limited to, book debts, subordinate loans provided to the Project SPV s, operating cash flows, Receivables, Upstream Funds, commissions, revenue of whatsoever nature and whenever arising, both present and future;
- 3 First charge by way of mortgage on the entire immovable properties (including assignment of leasehold rights in case of leased land) of the Company, together with all structures and appurtenances thereon and there under, both present and future, if any;
- 4 First charge over all bank accounts of the Company, including without limitation, the Designated Account (or any account in substitution thereof) and any reserves (or any account in substitution thereof) that may be opened in terms hereof and in all funds from time to time deposited therein and in all permitted investments or other securities representing all amounts credited thereto;
- 5 First charge on all intangibles of the Company, including but not limited to goodwill, rights, undertakings and uncalled capital, present and future;
- 6 An unconditional irrevocable corporate guarantee from the Promoter for securing the Secured Obligations;
- 7 Pledge of the Share Capital, both present and future, held by the Promoter, aggregating to 51% (fifty one percent) of the total share capital of the Company, on a fully diluted basis, free from all restrictive covenants, lien or other encumbrance under any contract, arrangement or agreement of the Borrower along with a power of attorney in the form and manner prescribed by the Piramal Capital and Housing Finance Limited (the Lenders) and non disposal undertaking of the Share Capital, both present and future, held by the Promoter, aggregating to 49% (forty nine percent), on a fully diluted basis, free from all restrictive covenants, lien or other encumbrance under any contract, arrangement or agreement of the Company in the form and manner prescribed by the the Piramal Capital and Housing Finance Limited (the Lenders);
- 8 Pledge of the Share Capital, both present and future, held by the Sadbhav Infrastructure Project Limited, aggregating to a minimum of 49% (forty nine percent), on a fully diluted basis, free from all restrictive covenants, lien or other encumbrance under any contract, arrangement or agreement, of each Project SPV until the date of transfer of the Project SPVs by Sadbhav Infrastructure Projects Limited to the Company along with a power of attorney in the form and manner prescribed by the Piramal Capital and Housing Finance Limited (the Lenders);



13 Trade Payables

March 31, 2019  
(INR in Million)

Trade Payables (Refer Note No. 21)

- Dues to Micro & small enterprises
- Dues to other
- Dues to related parties

-  
0.16  
3.61

Total 3.77

14 Other Current Financial Liabilities

March 31, 2019  
(INR in Million)

- Interest accrued but not due on borrowings

35.75

Total 35.75

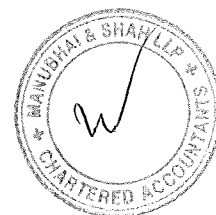
15 Other Current Liability

March 31, 2019  
(INR in Million)

- Statutory dues

4.26

Total 4.26



**Sadbhav Hybrid Annuity Projects Limited**  
**Notes to Financial Statements for the period ended March 31, 2019**

16 Other Revenue	March 31, 2019 INR in Million
Interest on loan given to Holding Company (Refer Note No. 21)	1.58
<b>Total</b>	<b>1.58</b>

17 Finance Cost	March 31, 2019 INR in Million
<b>Interest:</b>	
Interest on Long Term Loans	39.72
Interest on Short Term Loan ( Refer Note No. 21)	2.18
<b>Other Borrowing Cost:</b>	
Amortisation of Processing Fees	4.65
<b>Total</b>	<b>46.56</b>

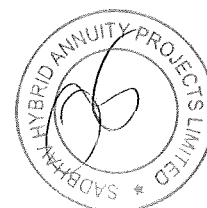
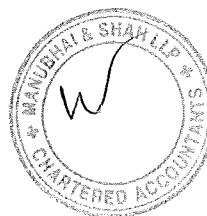
18 Other Expenses	March 31, 2019 INR in Million
Rates & Taxes*	0.00
Office Rent	0.68
Auditor Remuneration	0.02
Professional Fees & Expenses	0.16
Stamp Duty and Filing Fees	0.82
Miscellaneous Expenses **	0.00
<b>Total</b>	<b>1.68</b>

\*Amount March 31, 2019 : INR 2440/- is below Rounding-off norms adopted by the company.

\*\*Amount March 31, 2019 : INR 2400/- is below Rounding-off norms adopted by the company.

Auditor Remuneration	March 31, 2019 INR in Million
Statutory Audit Fees	0.02
Other Services*	0.00
<b>Total</b>	<b>0.02</b>

\*Amount March 31, 2019 : INR 3500/- is below Rounding-off norms adopted by the company.



**Sadbhav Hybrid Annuity Projects Limited**  
**Notes to Financial Statements for the year ended March 31, 2019**

**21 Related Party Disclosures:**

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

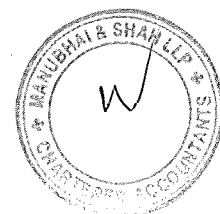
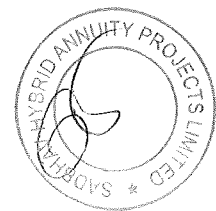
**(I) Name of the related parties and description of relationship :**

Description of Relationship	Name of the Related Party
<b>Enterprises having control:</b>	
Ultimate Holding Company	Sadbhav Engineering Limited (SEL)
Holding Company	Sadbhav Infrastructure Project Limited (SIPL)
<b>Related party with whom transactions taken place during the year:</b>	
Fellow Subsidiary	Sadbhav Vidarbha Highway Private Limited

**(II) Transactions with Related Parties during the Year:**

**(INR in Million)**

No.	Particulars	March 31, 2019
(i)	Equity share Capital issued	
	-SIPL & its nominees	0.50
(ii)	Investment in sub debt	
	-Sadbhav Vidarbha Highway Private Limited	350.00
(iii)	Office Rent	
	-SEL	0.68
(iv)	Short Term loan received	
	-SIPL	34.38
(v)	Short Term loan Repaid	
	-SIPL	34.38
(vi)	Interest Expense on Short term loan	
	-SIPL	2.18
(vii)	Short Term loan Given	
	-SIPL	113.65
(viii)	Interest Income on Short term loan	
	-SIPL	1.58



**Sadbhav Hybrid Annuity Projects Limited**  
Notes to Financial Statements for the year ended March 31, 2019

<b>(III) Balance outstanding as at the Year end:</b>		<b>(INR in Million)</b>
<b>No.</b>	<b>Particulars</b>	<b>March 31, 2019</b>
(i)	Equity Share Capital -SIPL & its nominees	0.50
(ii)	Short Term loan given -SIPL	113.65
(iii)	Interest Receivable on short term loan -SIPL	1.42
(iii)	Investment in Subdebt -Sadbhav Vidarbha Highway Private Limited	350.00
(vi)	Payable towards Rent -SEL	0.61
(vii)	Payable towards Reimbursement of Expense -SIPL	3.01

**(IV) Terms and conditions of the balance outstanding:**

1. The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free excepts short term loan and settlement occurs in cash as per the terms of the agreement.
2. The Company has not provided any commitment to the related party as at March 31, 2019.

**22 Segment Reporting**

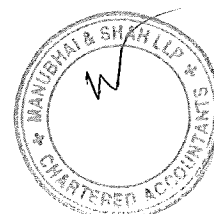
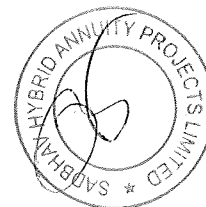
The Operating segment of the company is identified to be "DBFOT" or "Hybrid Annuity", as the Chief Operating Decision Maker (CODM) reviews business performance at an overall company level as one segment and hence, does not have any additional disclosures to be made under Ind AS 108 Operation Segments.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

**23 Operating Lease**

Office premise of the Company have been taken on operating lease basis. The lease rent paid during the year INR 0.68 Million. These operating lease agreement are cancellable by giving short period notice by either of the parties to the agreement.

**24 Trade dues to MSME**

There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days at the balance sheet date. This is based on the information available with the company.





**Sadbhav Hybrid Annuity Projects Limited**  
Notes to Financial Statements for the year ended March 31, 2019

25 **Income Tax expense**  
As there is no taxable income, current tax liability as per the provision of Income Tax Act, 1961 is INR Nil.

26 **Financial Instruments**  
(I) **Disclosure of Financial Instruments by Category**

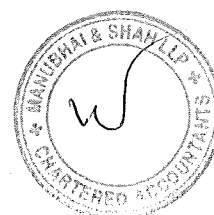
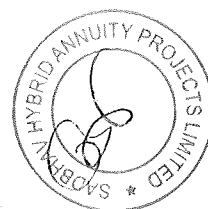
Financial instruments by categories	(INR in Million)		
	March 31, 2019		
	FVTPL	FVTOCI	Amortized cost
<b>Financial Asset</b>			
Non-Current Financial Assets	-	-	350.00
Cash and Cash Equivalent	-	-	0.44
Short Term Loan			113.65
Current Financial Assets	-	-	1.42
<b>Total Financial Assets</b>	-	-	<b>465.51</b>
<b>Financial Liabilities</b>			
Non Current Borrowings	-	-	473.65
Trade Payable	-	-	3.77
Current Financial Liabilities	-	-	35.75
<b>Total Financial Liabilities</b>	-	-	<b>513.17</b>

(II) **Default and breaches**  
There are no defaults with respect to payment of principal , interest, redemption terms and no breaches of the terms and conditions of the loan.

(III) **Fair value disclosures for financial assets and financial liabilities**

a. The management assessed that the fair values of 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 carries floating interest rate.



## 27 Financial Risk Management

### Financial instruments risk management objectives and policies

- (f) 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 includes loans, other receivables and cash and bank balance that derive directly from its operations.

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

#### (a) Market Risk

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

#### (b) Interest Rate Risk

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest.

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

Particulars	(INR in Million)
	31.03.2019
Variable rate borrowings in INR Millions	500.00
	<b>500.00</b>

In order to mitigate this risk; the company has entered in to an agreement as provided under Note No. 12 (iii).

#### (c) Credit Risk

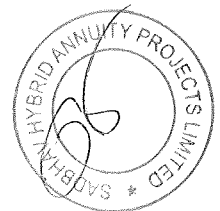
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed to credit risk as it does not undertake any such activities.

#### (d) Liquidity Risk

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

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

As at March 31, 2019	Carrying Amount	On Demand	upto 1 year	1 - 2 years	(INR in Million)	
					2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>						
Non-Current Borrowings	500.00				500.00	
Trade Payables	3.77	-	3.77	-	-	-
Current Financial Liabilities	35.75	-	35.75	-	-	-
	<b>539.52</b>		<b>39.52</b>		<b>500.00</b>	



## 28 Capital Management

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

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

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

Summary of Quantitative Data is given hereunder:

Particulars	(INR in Million)
	March 31, 2019
Equity	0.50

The company does not have any externally imposed capital requirement.

- 29 The Company was incorporated on June 26, 2018, hence these financial statements are prepared for the period from June 26, 2018 to March 31, 2019. This being the first year, previous year figures are not given.

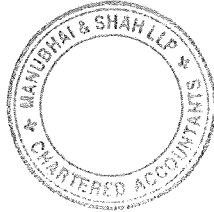
Accompanying notes are an integral part of the financial statements

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



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

Place: Ahmedabad  
Date: May 18, 2019



For & On behalf of the Board of Directors of  
Sadbhav Hybrid Annuity Projects Limited



(Vasistha C. Patel)  
Director  
DIN: 00048324



(Nitinkumar Patel)  
Director  
DIN: 00466330

Place: Ahmedabad  
Date: May 18, 2019

