

MKPS & ASSOCIATES

(Formerly DASS MAULIK MAHENDRA K AGRAWAL & CO)

CHARTERED ACCOUNTANTS

F110, Bhanu Enclave, 1st Floor,
Above Maruti Showroom,
Erragada, Hyderabad-500 038.
Tel : 040-42038614
Mob : 9849158055, 9652457167
E-mail : surgyanmodi_908@yahoo.com

Independent Auditors' Report

To
The Members,
HOSPET CHITRADURGA TOLLWAYS LIMITED

Report on the Audit of the financial statements

Opinion

We have audited the accompanying financial statements of HOSPET CHITRADURGA TOLLWAYS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (Including other comprehensive income), the Statement of Changes in Equity, and the Statement Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information hereinafter 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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 opinion.

Emphasis of Matter

We draw attention to Note No 1 and 2B to the Financial statements regarding termination of the project by the company and National Highways Authority of India (NHAI) " the Concessioning Authority" with mutual consent. Since the company is a project specific company, termination of project affects the Going concern nature of the company. Our report is not qualified in respect of this matter as the consequential financial impact was provided in the financial statement during the previous year and was emphasised in the previous year audit report also.

Our opinion is not qualified in respect of above matter

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis and Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The Board's Report including Annexures to Board's Report 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.



H.O. AT MUMBAI

Branches: • Bhubaneswar • New Delhi • Kolkata • Raipur • Cuttak • Sambalpur • Rourkela • Bengaluru

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.

When we read the Board's Report including Annexures to Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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 specified under Section 133 of the Act, read with relevant rules issued there under. 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

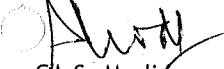
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure -A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the statement of changes in Equity and the statement of Cash flows and dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, relevant rules issued there under.
 - (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 B"; and
 - (g) The company has not paid or provided any managerial remuneration during the year. Hence, 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 is not 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 does 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.

For MKPS & Associates
Chartered Accountants
FRN 302014E.


CA S. Modi
Partner
M No. 051361

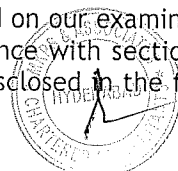


Place: Hyderabad
Date: May 09, 2019.

Annexure- A to the Independent Auditors' Report:

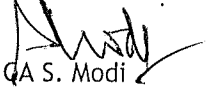
The Annexure referred to the Independent auditors' report to the members of the company on the financial statements for the year ended 31 March 2019, we report that:

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A major portion of fixed assets have been physically verified by the management during the year at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. According to the information and explanations given to us, there is no inventory with the company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted during the year in respect of which provisions of section 185 and 186 of the companies act, 2013 are applicable and hence not commented upon.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any tribunal.
- vi. We have been informed by the company that the provision of maintenance of cost records under section 148 (1) the act is not applicable since the company is not using its own material for construction activities undertaken under BOT and the entire contract has been sub contracted to EPC Contractor.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us the company has been regular in depositing the undisputed statutory dues with the appropriate authorities
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Income Tax or Sales Tax or Service Tax or Gst or duty of customs or duty of excise or value added tax or cess as at 31st March, 2019 which have not been deposited on account of a dispute.
- iii. In our opinion and according to the information and explanations given to us, the company did not have any borrowings from bank/Financial institutions and The Company did not have any loans from Government and outstanding debentures during the year.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Companies (Auditor's Report) Order, 2016 is not applicable.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. The company has not paid or provided any managerial remuneration during the year. Accordingly, paragraph 3 (xi) of the Companies (Auditor's Report) Order, 2016 is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.



- xiv According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order, 2016 is not applicable.
- xvi The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For MKPS & Associates
Chartered Accountants
FRN 302014E


GA S. Modi
Partner
M No. 051361



Place: Hyderabad
Date: May 09, 2019.

Annexure- B to the Independent Auditors' Report:

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

We have audited the internal financial controls over financial reporting of HOSPET CHITRADURGA TOLLWAYS LIMITED ("the Company") as of 31st March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 reporting were operating effectively as at 31st March 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 Institute of Chartered Accountants of India.

For MKPS & Associates
Chartered Accountants
FRN 302014E


CA S. Modi
Partner
M No. 051361



Place: Hyderabad
Date: May 09, 2019.

HOSPET CHITRADURGA TOLLWAYS LIMITED

CIN: U45203TG2011PLC077823

Balance Sheet as at 31 March 2019

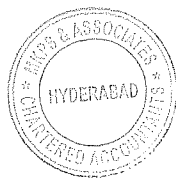
(Rs in Millions)

| | Notes | 31 March 2019 | 31 March 2018 |
|--------------------------------------|-------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 0.41 | 0.41 |
| Financial assets | | | |
| Loans | | - | - |
| Deferred tax assets, net | | - | - |
| Other non-current assets | | - | - |
| Total non-current assets | | 0.41 | 0.41 |
| Current assets | | | |
| Inventories | | | |
| Financial assets | | | |
| Cash and cash equivalents | 5 | - | 0.06 |
| Loans | 6 | 0.02 | - |
| Other current assets | | - | - |
| Total current assets | | 0.02 | 0.06 |
| Total assets | | 0.43 | 0.47 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity share capital | 7 | 170.22 | 170.22 |
| Other equity | | | |
| Retained earnings | 8 | (170.18) | (170.16) |
| Total equity | | 0.04 | 0.06 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | | - | - |
| Provisions | | - | - |
| Other non-current liabilities | | - | - |
| Total non-current liabilities | | - | - |
| Current liabilities | | | |
| Financial liabilities | | | |
| Trade and other payables | | - | - |
| Provisions | | - | - |
| Other current liabilities | 9 | 0.39 | 0.42 |
| Total current liabilities | | 0.39 | 0.42 |
| Total liabilities | | 0.39 | 0.42 |
| Total equity and liabilities | | 0.43 | 0.47 |

The notes 1 to 13 are an integral part of these financial statements

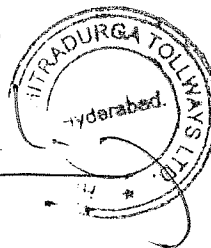
In terms of our report attached.

For M.K.P.S & ASSOCIATES
Chartered Accountants
Firm Registration No. 302014E



S.Modi
Partner
Membership No. 051361

For and on behalf of the Board
HOSPET CHITRADURGA TOLLWAYS LIMITED



P Ravi Prasad
Director
DIN:07872103

Divakar Marri
Director
DIN :06865376

Place : Hyderabad
Date : 9-May-2019

HOSPET CHITRADURGA TOLLWAYS LIMITED

CIN: U45203TG2011PLC077823

Statement of Profit and Loss for the year ended 31 March 2019

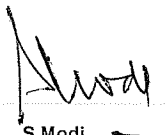
(Rs in Millions)

| | Notes | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|--|-------|-------------------------------------|-------------------------------------|
| Revenue | | | |
| Revenue from operations | | - | - |
| Other income | | - | - |
| Total income | | - | - |
| Expenses | | | |
| Employee benefits expense | | | - |
| Finance costs | 10 | 0.00 | 0.00 |
| Other expenses | 11 | 0.02 | 0.03 |
| Total expenses | | 0.02 | 0.04 |
| Profit/(loss) before income tax | | (0.02) | (0.04) |
| Current tax | | - | - |
| Deferred tax | | - | - |
| Income tax expense | | - | - |
| Profit/(loss) for the year | | (0.02) | (0.04) |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurements of defined benefit liability (asset) | | - | - |
| Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year | | (0.02) | (0.04) |
| Earnings per share | | | |
| Basic earnings per share (INR) | | (0.00) | (0.00) |
| Diluted earnings per share (INR) | | (0.00) | (0.00) |

The notes 1 to 13 are an integral part of these financial statements

In terms of our report attached.

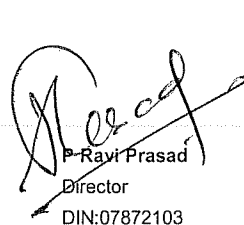
For M.K.P.S & ASSOCIATES
Chartered Accountants
Firm Registration No. 302014E



S.Modi
Partner
Membership No. 051361



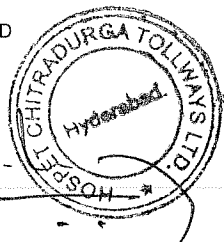
For and on behalf of the Board
HOSPET CHITRADURGA TOLLWAYS LIMITED



P. Ravi Prasad
Director
DIN:07872103



Divakar Marri
Director
DIN :06865376



Place : Hyderabad
Date : 9-May-2019

(Rs in Millions)

| PARTICULARS | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|-------------------------------------|-------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit / (loss) before tax | (0.02) | (0.04) |
| Adjustment for: | | |
| Depreciation | - | - |
| Interest Expense | - | - |
| Cash Flows from Operations before changes in assets and liabilities | (0.02) | (0.04) |
| Adjustment for changes in: | | |
| Increase/(Decrease) in Trade Payables | | |
| (Increase)/Decrease in loans, advances and other assets | (0.02) | 0.01 |
| Increase/(Decrease) in Liabilities and Provisions | (0.02) | 0.02 |
| Net cash from operating activities (A) | (0.06) | (0.00) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| (Increase) / Decrease in fixed assets, capital work-in-progress | - | - |
| Net cash used in Investing activities (B) | - | - |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase / (Decrease) in Share Capital | | - |
| Increase / (Decrease) in Borrowings | | - |
| Interest paid | - | - |
| Net cash Flow from Financing Activities (C) | - | - |
| Net Increase/(Decrease) in cash & cash equivalents (A+B+C) | (0.06) | (0.00) |
| Cash & Cash equivalents at the beginning of the year | 0.06 | 0.07 |
| Cash & cash equivalents at the end of the year | - | 0.06 |

The notes 1 to 13 are an integral part of these financial statements

In terms of our report attached.

For M.K.P.S & ASSOCIATES
 Chartered Accountants

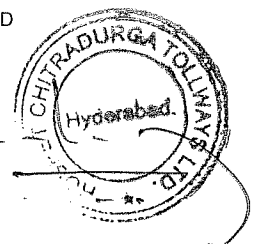
S.Modi
 Partner
 Membership No. 051361



For and on behalf of the Board
 HOSPET CHITRADURGA TOLLWAYS LIMITED

P. Ravi Prasad
 Director
 DIN:07872103

Divakar Marri
 Director
 DIN :06865376



Place : Hyderabad

Date : 9-May-2019

HOSPET CHITRADURGA TOLLWAYS LIMITED

CIN: U45203TG2011PLC077823

Notes to the financial statements as at 31 March 2019

a. Equity share capital

(Rs in Millions)

| | Amount |
|---|--------|
| Balance as at 1 April 2017 | 170.22 |
| Changes in equity share capital during the year 2017-18 | - |
| Balance as at the 31 March 2018 | 170.22 |
| Changes in equity share capital during the year 2018-19 | - |
| Balance as at the 31 March 2019 | 170.22 |

b. Other equity

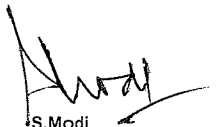
(Rs in Millions)

| | Reserves and surplus | Total |
|---|----------------------|----------|
| | Retained earnings | |
| Balance at 1 April 2017 | (170.12) | (170.12) |
| Total comprehensive income for the year ended 31 March 2018 | | |
| Profit or loss | (0.04) | (0.04) |
| Total comprehensive income | (0.04) | (0.04) |
| Transactions with owners, recorded directly in equity | - | - |
| Balance at 31 March 2018 | (170.16) | (170.16) |
| Total comprehensive income for the year ended 31 March 2019 | | |
| Profit or loss | (0.02) | (0.02) |
| Total comprehensive income | (0.02) | (0.02) |
| Transactions with owners, recorded directly in equity | - | - |
| Balance at 31 March 2019 | (170.18) | (170.18) |

The notes 1 to 13 are an integral part of these financial statements

In terms of our report attached.

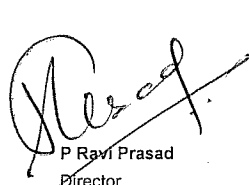
For M.K.P.S & ASSOCIATES
Chartered Accountants
Firm Registration No. 302014E



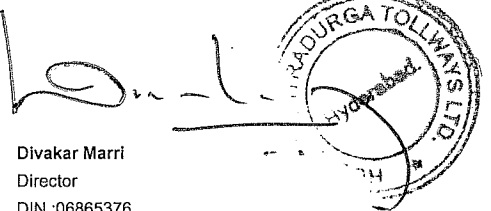
S.Modi
Partner
Membership No. 051361



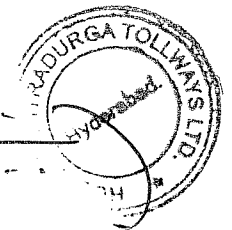
For and on behalf of the Board
HOSPET CHITRADURGA TOLLWAYS LIMITED



P Ravi Prasad
Director
DIN:07872103



Divakar Marri
Director
DIN :06865376



Place : Hyderabad
Date : 9-May-2019

HOSPET CHITRADURGATOLLWAYS LIMITED

Notes to the financial statements for the year ended 31 March 2019

1. Reporting entity

Hospet Chitradurga Tollways Limited (the 'Company') is a company domiciled in India, with its registered office situated at Ramky Grandiose, 15th Floor, Sy No 136/2 & 4, Gachibowli, Hyderabad, Telangana. The Company has been incorporated under the provisions of the Companies Act, 1956 as a Special Purpose Vehicle ("SPV").

This SPV has been formed to undertake and Carry on the Business of Four Laning of Hospet – Chitradurga Section of NH-13 from KM 299.000 to KM 418.600 in the State of Karnataka under National Highways Development Project Phase III on Design, Build, Finance, Operate and Transfer (DBFOT/BOT) basis in BOT (Toll). This SPV is wholly owned subsidiary of the company and both SPV & National Highways Authority of India (NHA) have terminated the agreement.

2. Basis of preparation

A. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorized for issue by the Company's Board of Directors on 9th May 2019

Details of the Company's accounting policies are included in Note 3.

B. The company discontinues to be a Going Concern and the financial impact on Accounts of same has been provided in the financial Statements.

C. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Millions, unless otherwise indicated.

D. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

| Items | Measurement Basis |
|--|--|
| Certain financial assets and liabilities | Fair value |
| Net defined benefit (asset)/ liability | Present value of defined benefit obligations |

E. Use of estimates and judgment

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.



3. Significant accounting policies

a. Financial instruments

Non-derivative financial instruments

All financial instruments are recognized initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase 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 trade) are recognized on trade date. While, loans and borrowings and payable are recognized net of directly attributable transactions costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets at amortized cost; non derivative financial liabilities at amortized cost. The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition

Non- derivative financial assets

Financial assets are initially measured at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

The company's financial assets include cash and cash equivalents, employee and other advances, trade receivables and eligible current and non-current assets.

Non-derivative financial liabilities

Financial liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

The company has the following financial liabilities: loans and borrowings, trade and other payables including deposits collected from various parties.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

b. Property, plant and equipment

i. *Recognition and measurement*

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.



HOSPET CHITRADURGATOLLWAYS LIMITED

Notes to the financial statements for the year ended 31 March 2019

ii. *Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

c. *Intangible assets*

i. *Other intangible assets*

Service concession arrangements

The Company recognises an intangible asset arising from a service concession arrangement to the extent it has a right to charge for use of the concession infrastructure. The fair value, at the time of initial recognition of such an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement, is regarded to be its cost. Subsequent to initial recognition the intangible asset is measured at cost, less any accumulated amortisation and accumulated impairment losses.

ii. *Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

iii. *Amortisation*

The Company has followed revenue based amortization for intangible assets which are recognized under service concession arrangements, by taking proportionate of actual revenue earned for a year over total projected revenue from project to cost of intangible assets i.e. proportionate of actual revenue earned for the year over total projected revenue from intangible assets expected to be earned over the balance concession period as estimated by the management. Total projected revenue shall be reviewed at the end of each financial year and the total projected revenue shall be adjusted to reflect any changes in the estimates which lead to actual collection at the end of the concession period.

d. *Revenue recognition*

i. *Construction contracts*

Construction contract revenue arises from construction of road in accordance with the agreement.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Contract costs are recognised as expenses as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

ii. *Service concession arrangements*

Revenue related to construction or upgrade services provided under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Company's accounting policy on recognising revenue on construction contracts (see (i) above). Operation or service revenue is recognised in the period in which the services are provided by the Company. Toll revenue from operations is recognized on actual collection of toll revenue.



HOSPET CHITRADURGATOLLWAYS LIMITED

Notes to the financial statements for the year ended 31 March 2019

e. Impairment

i. Impairment of financial instruments

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance.
- Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the Balance Sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

f. Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.



ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

g. Provisions (other than employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision for major maintenance

Provisions are taken for contractual obligations to maintain the condition of infrastructure under concession, principally to cover the expense of major road repairs (surface courses, restructuring of slow lanes, etc.), bridges, tunnel setc. Provision for major maintenance is determined by discounting the expected maintenance expense spanning several years at a pre-tax rate that reflects the current market assessment of the time value and the risks specific to the liability, and is updated annually. Provisions are also taken whenever recognised signs of defects are encountered on identified infrastructure.

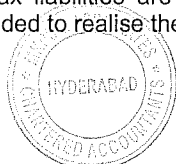
h. Income tax

Income tax comprises of current and deferred tax. It is recognized in profit or loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.



ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Minimum Alternate Tax (MAT)

Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

i. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

j. Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset or to the amortised cost of the liability.

k. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.



HOSPET CHITRADURGATOLLWAYS LIMITED

Notes to the financial statements for the year ended 31 March 2019

i. Segment reporting

The Board of Directors assesses the financial performance of the Company and makes strategic decisions and has been identified as being the Chief Operating Decision Maker (CODM). Based on the internal reporting provided to the CODM, the Company has only one reportable segment i.e. the DBFOT road project and hence no separate disclosures are required under Ind AS 108.

m. Earnings per share

The basic earnings per share ("EPS") for the year is computed by dividing the net profit/ (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has no potentially dilutive equity shares.



4. Property, plant and equipment

(Rs in Millions)

| | Freehold Land |
|---|---------------|
| Balance at 1 April 2017 | 0.41 |
| Additions | |
| Disposals | |
| Balance at 31 March 2018 | 0.41 |
| Additions | - |
| Disposals | - |
| Balance at 31 March 2019 | 0.41 |
| Accumulated depreciation and impairment losses | |
| Balance at 1 April 2017 | |
| Depreciation for the year | - |
| Disposals | - |
| Balance at 31 March 2018 | - |
| Depreciation for the year | - |
| Disposals | - |
| Balance at 31 March 2019 | - |
| Carrying amounts (net) | |
| At 31 March 2018 | 0.41 |
| At 31 March 2019 | 0.41 |

5. Cash and cash equivalents

(Rs in Millions)

| | 31 March 2019 | 31 March 2018 |
|-----------------------|---------------|---------------|
| Cash on hand | - | - |
| Balances with banks: | | |
| - in current accounts | - | 0.06 |
| | - | 0.06 |

6. Loans

(Rs in Millions)

| | 31 March 2019 | 31 March 2018 |
|---------------------------------------|---------------|---------------|
| Loans and advances to related parties | 0.02 | - |
| | 0.02 | - |



HOSPET CHITRADURGA TOLLWAYS LIMITED

CIN: U45203TG2011PLC077823

Notes to the financial statements as at 31 March 2019

7. Share capital

(Rs in Millions)

| | 31 March 2019 | 31 March 2018 |
|--------------------------------|---------------|---------------|
| Authorised | | |
| Equity shares of ` 10 each | 200.00 | 200.00 |
| | 200.00 | 200.00 |
| Issued, subscribed and paid-up | | |
| Equity shares of ` 10 each | 170.22 | 170.22 |
| | 170.22 | 170.22 |

8. Other equity

(Rs in Millions)

| | 31 March 2019 | 31 March 2018 |
|---|---------------|---------------|
| Surplus in the statement of profit and loss | (170.16) | (170.12) |
| Add: (Loss)/ Profit for the year | (0.02) | (0.04) |
| Balance at the end of the year | (170.18) | (170.16) |

Other current liabilities

(Rs in Millions)

| | 31 March 2019 | 31 March 2018 |
|-------------------|---------------|---------------|
| Capital creditors | 0.38 | 0.38 |
| Other Liabilities | 0.02 | 0.04 |
| | 0.39 | 0.42 |

10. Finance Costs

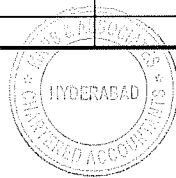
(Rs in Millions)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|--------------|-------------------------------------|-------------------------------------|
| Bank Charges | 0.00 | 0.00 |
| | 0.00 | 0.00 |

11. Other Expenses

(Rs in Millions)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---------------|-------------------------------------|-------------------------------------|
| Rates & Taxes | - | 0.01 |
| Audit Fee | 0.02 | 0.02 |
| Conveyance | - | - |
| Miscellaneous | - | 0.01 |
| | 0.02 | 0.03 |



12. Related parties

A. List of related parties and nature of relationship

| S. No. | Name of the related party | Nature of relationship |
|--------|------------------------------|------------------------|
| 1 | Ramky Infrastructure Limited | Holding Company |

B. Transactions with related parties during the year ended

| (Rs in Millions) | | | | |
|------------------|------------------------------|------------------------|---------------|---------------|
| S. No. | Name of the related party | Nature of transactions | 31 March 2019 | 31 March 2018 |
| 1 | Ramky Infrastructure Limited | Other Payables | (0.02) | 0.02 |
| | | Other receivables | 0.02 | - |

C. Balances outstanding

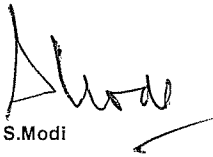
| (Rs in Millions) | | | | |
|------------------|------------------------------|------------------------|---------------|---------------|
| S. No. | Name of the related party | Nature of transactions | 31 March 2019 | 31 March 2018 |
| 1 | Ramky Infrastructure Limited | Equity share capital | 170.22 | 170.22 |
| | | Other Payables | - | 0.02 |
| | | Other receivables | 0.02 | - |

13. As the Company is not in the possession of information regarding dues to the Micro, Small and Medium Enterprises, the same has not been furnished herewith.

The notes 1 to 13 are an integral part of these financial statements

In terms of our report attached.

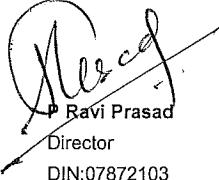
For M.K.P.S & ASSOCIATES
Chartered Accountants
Firm Registration No. 302014E


S.Modi
Partner
Membership No. 051361



Place : Hyderabad
Date : 9-May-2019

For and on behalf of the Board
HOSPET CHITRADURGA TOLLWAYS LIMITED


Ravi Prasad
Director
DIN:07872103


Divakar Marri
Director
DIN :06865376

