

Valecha Kachchh Toll Roads Limited

**“Valecha Chambers”,
4th Floor, Andheri New Link Road,
Andheri (West),
Mumbai – 400 053.**

Annual Report

FY: 2016-17

T R Chadha & Co LLP

Chartered Accountants

502, Marathon Icon,
Off. Ganpatrao Kadam Marg
Opp. Peninsula Corporate Park
Lower Parel, Mumbai – 400 013
Tel.: 022-49669000
Fax.: 022-49669023
Email: mumbai@trchadha.com



INDEPENDENT AUDITOR'S REPORT

To the Members of Valecha Kachchh Toll Roads Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Valecha Kachchh Toll Roads Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder. 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; the selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the

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Regd. Office : Suite No. 11A, 2nd Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi – 110001
Phone : 011 41513059 / 41513169

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its loss and its cash flows for the year ended on that date.

Matter of Emphasis

We draw attention to the Note No. 25 to the financial statements which describes the company has incurred losses of Rs 73.66 crores during the year, due to said project had been halted during the year due to non-availability of land and environment issues which resulted in non-availability of funds. However, management believes that the above circumstances are only temporary in nature and going forward the project will achieve its targeted project estimates and accordingly no impairment has been considered for the intangible assets being Toll Road Project for the year.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

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- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
- e. There are no observations or comments on the financial transactions or matters which have any adverse effect on the functioning of the Company.
- f. on the basis of written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2017, from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;
- g. 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
- 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) there were no pending litigations which would impact the financial position of the Company;
 - (ii) the Company did not have any material foreseeable losses on long-term contracts including derivative contracts;
 - (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and
 - (iv) the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No 26 to the financial statements.

For T R Chadha & Co LLP
Chartered Accountants
Firm Regn. No: 006711N/N500028



Kashyap Vaidya
Partner
Membership Number: 37623

Place: Mumbai
Date: 04.09.2017

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Valecha Kachchh Toll Roads Limited – As on 31st March 2017

Annexure to Independent Auditors' Report for the period ended March 2017 referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date

1. Fixed Assets

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- The fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size & nature of the company. No material discrepancies were noted on such verification.
- According to the information and explanations given to us, there are no immovable assets held by the company, hence clause C of paragraph 3 (i) of the order is not applicable to the Company.

2. Inventories

There was no inventory laying as on 31st March 2017 and accordingly, the provisions of Clauses 2 of para 1 of the Report on other Legal & Regulatory Requirement are not applicable to the company.

3. Loans given

The Company has not granted any Secured or unsecured loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence reporting under clause 3 (iii) (a), (b) and (c) does not arise.

4. Compliance of Sec. 185 & 186

The Company has not entered into any transaction in respect of loans, investments, guarantee and security which attracts compliance to provisions of section 185 & 186 of the Companies Act, 2013, therefore, paragraph 3 (iv) of the order is not applicable to the company.

5. Public Deposit

During the year, the Company has not accepted any deposits from the public, therefore, Thus paragraph 3 (v) of the order is not applicable.

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6. Cost Records

In our opinion and according to information and explanations given to us, maintenance of cost records has not been prescribed by the Central Government under Section 148(1) of the Companies Act, for the services provided by the company.

7. Statutory Dues

- a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing its undisputed statutory dues including income-tax, Service tax and cess etc. *except in some cases there is delay in deposition of TDS liability during the year. Such delay are in range from 3 days to 333 days.* There are no undisputed dues payable, outstanding as on 31st March, 2017 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 amounts in respect of income tax, service tax etc. that have not been deposited with the appropriate authorities on account of any dispute.

8. The company has defaulted in repayment of dues to banks.

In our opinion and according to the information and explanations furnished to us by the Company the following default existed in the repayment of the due to the financial institutions and Banks at the date of the balance sheet.

Particular	Principal Default amount Rs.	Interest Outstanding Rs.	Period of Default
Canara Bank	151,00,000	3883,01,390	Principal is payable since June 2016 and interest is payable since February 2016.
	172,00,000	303,72,799	
Total A	323,00,000	4186,74,189	
Indian Overseas Bank	114,00,000	2135,75,769	Principal is payable since June 2016 and interest is payable since February 2016.
	130,00,000	141,55,584	
Total B	244,00,000	2277,31,353	
Total (A+B)	567,00,000	6464,05,542	

9. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not raised money by way of initial public offer or further public offer (including debt instrument) and any term loans during the period under audit therefore, paragraph 3 (ix) of the order is not applicable to the company.

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10. 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 fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.
11. The Company has not paid any Managerial Remuneration to directors, therefore, paragraph 3 (xi) of the order is not applicable to the company.
12. As explained, the company is not a Nidhi Company. Therefore paragraph 3 (xii) of the order is not applicable to the company.
13. As per the information and explanations given by the management, all the transactions with the related parties are in compliance with section 188 of Companies Act, 2013 and the details have been disclosed in the financial statements etc., as required by the applicable accounting standards. *However, company has not complied with the provision of section 177 of Companies Act 2013.*
14. As per the information and explanations given by the management, company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore paragraph 3 (xiv) of the order is not applicable to the company.
15. As per the information and explanations given by the management, the company has not entered into any non-cash transaction with directors or persons connected with him. Therefore paragraph 3 (xv) of the order is not applicable to the company.
16. As per the information and explanations given by the management, company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore paragraph 3 (xvi) of the order is not applicable to the company.

For T R Chadha & Co LLP
Chartered Accountants
Firm Regn No: 006711N/N500028




Kashyap Vaidya
Partner
Membership Number: 37623

Place: Mumbai
Date: 04.09.2017

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ANNEXURE B

THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF Valecha Kachchh Toll Roads Limited.

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 Valecha Kachdhh Toll Roads Limited ("the Company") as of 31 March, 2017 in conjunction with our audit of the standalone 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". 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.

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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 judgement, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 31 March, 2017, based on, "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in

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the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".



For T R Chadha & Co LLP
Chartered Accountants
Firm Regn No: 006711N/N500028


Kashyap Vaidya
Partner
Membership Number: 37623

Place: Mumbai
Date: 04.09.2017

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Valecha Kachchh Toll Roads Limited

Balance Sheet as at 31-03-2017

		(Amount in INR)		
Particulars		Note No	As at 31 March, 2017	As at 31 March, 2016
I	EQUITY AND LIABILITIES			
1	Shareholders' funds			
(a)	Share capital	3	68,50,00,000	68,50,00,000
(b)	Reserve & Surplus	3A	(1,13,09,07,307)	(39,42,86,486)
	Share Application Money Pending Allotment		-	-
2	Non-current liabilities			
(a)	Long-term borrowings	4	4,19,13,00,000	4,27,10,00,000
3	Current liabilities			
(b)	Trade payables			
	i. Total outstanding dues of micro enterprises and small enterprises			
	ii. Total outstanding dues of creditors other than micro enterprises and small enterprises	5	3,75,32,858	3,79,16,169
(c)	Other Current Liabilities	6	79,30,55,257	17,42,01,204
	TOTAL		4,57,59,80,808	4,77,38,30,887
II	ASSETS			
	Non-current assets			
1	(a) Fixed assets			
	(i) Tangible Assets	7	99,44,437	1,75,67,735
	(ii) Intangible Assets	7	2,42,70,13,071	2,59,21,00,617
	(iii) Intangible assets under development	7A	1,73,90,93,298	1,73,90,93,298
(b)	Long-term loans and advances	8	39,12,03,987	37,63,36,588
2	Current assets			
(a)	Cash and cash equivalents	9	84,79,747	4,62,08,000
(b)	Other current assets	10	2,46,268	25,24,648
	TOTAL		4,57,59,80,808	4,77,38,30,887
See accompanying notes forming part of the financial statements				

As per our report of even date

For T R Chadha & Co LLP

Chartered Accountants

Firm Registration No: 006711N/ N500028

For and on behalf of the Board

Kashyap Vaidya
Membership No.: 37623

Partner


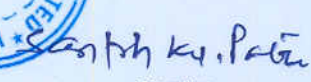

Place : Mumbai.

Date : 4th September, 2017



Director

Director

Valecha Kachchh Toll Roads Limited				
Statement of Profit & Loss for the Year Ended on 31st March 2017				
(Amount in INR)				
Particulars	Note No	As at 31st March, 2017	As at 31st March, 2016	
I. Revenue from operations		5,21,53,758	4,20,82,390	
II. Other income		1,95,177	42,09,795	
III. Total Revenue (I + II)		5,23,48,935	4,62,92,185	
IV. Expenses:				
Employee benefits expense	11	11,74,935	8,34,187	
Finance costs	12	57,93,47,526	26,33,80,972	
Other expenses	13	3,57,36,451	2,35,61,623	
Depreciation and amortization expense		17,27,10,844	15,28,01,890	
Total expenses		78,89,69,756	44,05,78,671	
V. Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		(73,66,20,821)	(39,42,86,486)	
VI. Exceptional items		-	-	
VII. Profit / (Loss) before extraordinary items and tax (V - VI)		(73,66,20,821)	(39,42,86,486)	
VIII. Extraordinary Items		-	-	
IX. Profit / (Loss) before tax (VII- VIII)		(73,66,20,821)	(39,42,86,486)	
X Tax expense:				
(1) Current tax		-	-	
(2) Deferred tax		-	-	
XI Profit / (Loss) for the period		(73,66,20,821)	(39,42,86,486)	
XII Earnings per equity share:				
(1) Basic		(10.75)	(5.76)	
(2) Diluted		(10.75)	(5.76)	
The notes form an integral part of these financial statements				
As per our report of even date For T R Chadha & Co LLP Chartered Accountants Firm Registration No: 006711N/ N500028		For and on behalf of the Board		
 Kashyap Vaidya Membership No : 37623 Partner Place : Mumbai Date : 4th September, 2017		   Director		
		 Director		

Valecha Kachchh Toll Roads Limited
Cash Flow Statement for the year ended 31.03.2017

	As at 31.03.2017	As at 31.03.2016
A Cash flow from Operating Activity		
Profit Before Tax and Extraordinary Item	(73,66,20,821)	(39,42,86,486)
Operating Profit before working capital changes		
Trade and other Receivable	(1,25,89,019)	3,64,30,611
Trade and other Payables	61,84,70,742	10,37,90,616
Net Cash Flow from Operating Activity	60,58,81,723	14,02,21,226
B Cash Flow from Investing Activity		
Tangible Assets capitalised during the year	76,23,298	(1,75,67,735)
Intangible Assets / Intangible Assets under Development	16,50,87,546	(42,10,54,345)
Net Cash flow From Investing Activity	17,27,10,844	(43,86,22,080)
C. Cash Flow from Financing Activities		
Increase in Equity Share Capital	-	-
Proceeds from long term borrowing	(7,97,00,000)	73,23,00,000
Net Cash From Financing Activities	(7,97,00,000)	73,23,00,000
Net Increase in Cash and Cash Equivalents	(3,77,28,254)	3,96,12,660.00
Opening Balance of Cash and Cash Equivalents	4,62,08,000	65,95,340
Closing Balance of Cash and Cash Equivalents	84,79,747	4,62,08,000

As per our report of even date

For T R Chadha & Co LLP

Chartered Accountants

Firm Registration No: 006711N/ N500028

Kashyap Vaidya

Membership No.: 37623

Partner

Place : Mumbai.

Date : 4th September, 2017



For and on behalf of the Board

Santosh K. Patel
Director



J. M. Dahi
Director

Significant Accounting Policies and Notes to Financial statements forming part of accounts for year ended 31st March 2017

No. 1 & 2

1 Nature of Operations

Valecha Kachchh Toll Roads Limited (VKTRL) is a Public Limited Company incorporated in India on 8th July 2011 with the registered office at Valecha chamber, 4th Floor, Andheri New Link Road, Andheri (W), Mumbai -400 053. VKTRL is a subsidiary Company of Valecha Engineering Limited which holds 58% of the equity share capital of the Company. The remaining 42% of the equity capital is held by PBA Infrastructure Limited.

VKTRL has been set up to Design, Engineering, Construction, Development, Finance, Operation and maintenance, construction of four/ two Laning Road of Bhuj - Bhachau Road Section, in the state of Gujarat on BOT basis and it operates under a single business and geographical segment. Further, the company has received provisional certificate from Independent Engineer appointed by GSRDC to operate up to 53.659 KM out of total 77.68 KM (i.e. 69% of total KM) on 13.05.2015. Accordingly, intangible assets under development has been capitalised in current year and intangible assets has been created. The amortisation of intangible assets carried out as per SLM method according to holding company policy. The Company has started Toll Collection i.e. 16.05.2015. However, during the year 2016-17 no work has been carried out, hence balance amount of intangible assets under development is not capitalised.

2 Significant Accounting Policies

2.1 Basis of preparation of Financial Statement

The Financial statements are prepared on accrual basis and in accordance with the generally accepted accounting principal in India, the relevant provision of the Companies Act, 2013 (the Act) and comply in material aspects with the Accounting standards notified under section 133 of the Act, (read with Rule 7 of the Companies (Accounts) Rule, 2014.

2.2 Financial Statements: Presentation and Disclosure

The Financial statements have been prepared as per the requirements of Schedule III notified under the Act. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criterial set out in the Schedule III of the Act.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

2.3 Revenue Recognition :

In respect of Toll Roads, toll revenue from operations of the facility is accounted on receipt basis.

2.4 Fixed Assets, Capital Work in Progress and Intangible Assets under Development

The gross block of Fixed Assets is stated at cost of acquisition or constriction, including any cost attributable to bringing the assets to their working condition for their intended use.

All Project related expenditure for acquisition of Toll collection rights viz., civil works, machinery under erection, construction and erection materials, pre-operative expenditure, expenditure indirectly related to the project and incidental to setting up project facilities, borrowing cost incurred prior to the date of commercial operation, and trial run expenditure are shown under Intangible Assets under development. These expenses are net of recoveries, claims and income (net of tax), if any, from surplus funds arising out of project specific borrowings.

Intangible assets are stated at acquisition cost less accumulated amortization. The amortisation of intangible assets carried out as per SLM method according to holding company policy.

2.5 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.7 Depreciation and Amortization:

Depreciation of Fixed Asset is provided on Straight Line Method (SLM) on the basis of their useful life or at the rates and in the manner specified in Schedule II of the Act.

2.8 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 period they occur. Borrowing costs consists of interest and other cost that an entity incurs in connection with the borrowing of funds.



2.9 Accounting for Taxes on Income

Provision of current tax is made after taking into consideration benefit admissible under provision of the Income Tax Act, 1961. Deferred tax resulting from timing differences between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carry forward only to the extent that there is reasonable certainty that the asset will be realised in future. However, in respect of unabsorbed depreciation or carry forward losses, the deferred tax is recognised and carry forward only to the extent that there is a virtual certainty that the assets will be

2.10 Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an assets may be impaired. If any such indication exists, the Company estimates the recoverable amount the assets. If the carrying amount of fixed assets /cash generating unit exceeds the recoverable amount on the reporting dated, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

2.11 Provisions

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

2.12 Contingent Liabilities and Contingent Assets:

A Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the notes to financial statements. Contingent assets are neighed recognised not disclosed in the financial statements.

2.13 Current/Non-Current Assets and Liabilities:

Assets are classified as current when it satisfies any of following criteria:

- It is expected to be realized within twelve months after the reporting date,
- It is held primarily for the purpose of being traded,
- It is Cash or cash equivalent unless it restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as Non-current.

Liabilities are classified as current when it satisfies any of following criteria:

- It is expected to be settled within twelve months after the reporting date,
- It is held primarily for the purpose of being traded,
- The company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as Non-current.



Note 3: Share Capital			31-Mar-17	31-Mar-16
			(Amount in INR)	(Amount in INR)
(I) Authorised Share Capital				
6,85,00,000 (Prev. Year 6,85,00,000) Equity Shares of Rs 10 each			68,50,00,000	68,50,00,000
(II) Equity Shares - Issued, Subscribed and Paid up				
6,85,00,000 (Prev. Year 6,85,00,000) Equity Shares of Rs 10 each			68,50,00,000	68,50,00,000
Total			68,50,00,000	68,50,00,000
(III) Reconciliation of the shares outstanding at the beginning and the at the end of the reporting period				
At the beginning of the year			2016-17 No. of shares 6,85,00,000	2015-16 No. of shares 6,85,00,000
Add : Issued during the year			-	-
Outstanding at the end of the year			6,85,00,000	6,85,00,000
Rights, Preferences and Restrictions -			The company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.	
Shares held by	No. of Shares	% of Shares	No. of Shares	% of Shares
- Its Holding Company (M/s Valecha Engineering Limited)	3,98,35,000	58%	3,98,35,000	58%
Details of Shareholders holding more than 5% shares				
Name of Shareholders	No. of shares	2016-17 % holding	No of Shares	2015-16 % holding
Valecha Engineering Limited	3,98,35,000	58%	3,98,35,000	58%
PBA Infrastructure Limited	2,86,65,000	42%	2,86,65,000	42%
Note 3A: Reserve & Surplus			31-03-2017	31-03-2016
			(Amount in INR)	(Amount in INR)
Surplus/(Deficit) in statement of Profit & Loss				
Balance Brought Forward			(39,42,86,486)	-
Surplus/(Deficit) in statement of Profit & Loss during the year			(73,66,20,821)	(39,42,86,486)
			(1,13,09,07,307)	(39,42,86,486)



Note 4: Long Term Borrowing						31-03-2017 (Amount in INR)	31-03-2016 (Amount in INR)
Secured Loans							
A) Term Loans							
Canara Bank						2,04,81,00,000	2,10,10,00,000
Indian Overseas Bank						1,55,87,00,000	1,59,55,00,000
Total Term Loans						3,60,68,00,000	3,69,65,00,000
Unsecured							
Loans and advances from related parties							
Part of the Promoters Contribution in Project from Valecha Engineering Limited, Holding Company. Infused as per the Rupee Loan Agreement entered with project lenders						58,45,00,000	57,45,00,000
Repayable after the payment of secured loans, at face value on the basis of availability of cash flow and carries 0% interest.							
Total Long Term Borrowing						4,19,13,00,000	4,27,10,00,000
The term loan is secured by :							
i.) First mortgage and charge of all companies, immovable properties if any, both present and future save and except project assets.							
ii.) First pari passu charge by way of hypothecation of all the company's movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets of the project, save and except project assets, present and future.							
iii.) First charge on company's cash flows and receivables including revenues of whatever nature, present or future wherever arising.							
Principal, Interest & Interest Rate :							
Particular	Principal Outstanding Rs. (A)	Principal Default Rs.	Interest Outstanding Rs. (B)	Total Amount in Rs. (A+B)	Rate Interest	Period of Default	
Canara Bank	1,97,98,00,000	1,51,00,000	38,83,01,390	2,36,81,01,390	Base Rate+6.45%	Principal is payable since June 2016 and interest is payable since February 2016.	
	15,35,00,000	1,72,00,000	3,03,72,799	18,38,72,799			
Total A	2,13,33,00,000	3,23,00,000	41,86,74,189	2,55,19,74,189	Base Rate+1.75%	Principal is payable since June 2016 and interest is payable since February 2016.	
Indian Overseas Bank	1,50,55,00,000	1,14,00,000	21,35,75,769	1,71,90,75,769			
	11,44,00,000	1,30,00,000	1,41,55,584	12,85,55,584			
Total B	1,61,99,00,000	2,44,00,000	22,77,31,353	1,84,76,31,353			
Total (A+B)	3,75,32,00,000	5,67,00,000	64,64,05,542	4,39,96,05,542			
Sanction Amount							
Bank	Sanction Amount						
	31-Mar-17	31-Mar-16					
Canara Bank	2,15,35,00,000	2,15,35,00,000					
Indian Overseas Bank	1,63,44,00,000	1,63,44,00,000					
Repayment :							
Payable in structured quarterly instalments, starting after a moratorium period of one year post the construction period of one & half years, accordingly, the instalment will be due on 30th June 2016 as per available sanction letter. As per the sanction letter dated 11.11.2014 COD of the project has been extended by one year to 31st March 2015 correspondingly repayment schedule has been revised and first repayment shall start from 30th June 2016.							
Maturity Profile of Secured Loans						(Amount in INR Crs)	(Amount in INR Crs)
Repayable in 1 - 3 years						33	33
Repayable in 3-5 years						54	54
More than 5 years						292	292
Company has not paid any principal amount during the current year. Further, Bank has not communicated revised repayment schedule. Hence, we consider, same repayment schedule for current year.						379	379

Note 5: Trade payables		31-03-2017 (Amount in INR)	31-03-2016 (Amount in INR)
Trade Payables		1,67,66,217	1,67,66,217
Payable to EPC Contractor Holding Company		2,07,66,641	2,11,49,952
Sundry Creditors Others			
Total		3,75,32,858	3,79,16,169

Note 6: Other Current Liabilities		31-03-2017 (Amount in INR)	31-03-2016 (Amount in INR)
Interest accrued and due on borrowings		64,64,05,542	11,02,21,912
Current Maturity Of Long Term Debt		14,64,00,000	5,67,00,000
Statutory Dues		2,49,715	72,79,292
Outstanding Liability		-	-
Total		79,30,55,257	17,42,01,204



Valecha Kachchh Toll Roads Limited
Notes to Accounts for the year ended 31st March 2017

Note 7: Fixed Assets

Details	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1 April 2016	Addition during the year	Deduction during the year	Balance as at 31 March 2017	Depreciation charge for the Period	Deduction during the year	Balance as at 31 March 2017	Balance as at 31 March 2016
(I) Tangible Assets								
Furniture and Fixtures	31,500	-	-	31,500	2,993	-	25,859	28,852
Computer	2,37,83,609	-	-	2,37,83,609	75,32,269	-	96,21,174	1,71,53,443
Office equipment	4,63,345	-	-	4,63,345	88,036	-	2,97,404	3,85,440
Total - A	2,42,78,454	-	-	2,42,78,454	76,23,298	-	99,44,437	1,75,67,735
(II) Intangible Assets								
Concessionaire Right	2,73,81,91,787	-	-	2,73,81,91,787	16,50,87,546	-	2,42,70,13,071	2,59,21,00,617
Total - B	2,73,81,91,787	-	-	2,73,81,91,787	16,50,87,546	-	2,42,70,13,071	2,59,21,00,617
Gross Total (A+B)	2,76,24,70,241	-	-	2,76,24,70,241	17,27,10,844	-	2,43,69,57,508	2,60,96,68,352



Valecha Kachchh Toll Roads Limited
Notes to Accounts for the year ended 31st March 2017

	Opening Bal 01-Apr-16	Addition During The Year	Capitalisation Intangible Assets (A) & (B)	Capitalisation Tangible Assets	Rs. Closing Bal 31-Mar-17
Note 7A: Intangible Assets under Development	(A)	(B)	(C)	(D)	Total of (A to D)
EPC Cost	1,31,89,38,390	-	-	-	1,31,89,38,390
Interest During Construction	34,60,63,727	-	-	-	34,60,63,727
Other Preliminary Expenses	50,322	-	-	-	50,322
Prebid Expenses	3,04,666	-	-	-	3,04,666
Appraisal Fee - Canara Bank	6,83,860	-	-	-	6,83,860
Audit Fee	1,68,288	-	-	-	1,68,288
Bank Charges	1,32,528	-	-	-	1,32,528
B G Commission	3,29,313	-	-	-	3,29,313
Conveyance Charges	8,037	-	-	-	8,037
Development Fees	1,59,26,560	-	-	-	1,59,26,560
General Expenses	76,465	-	-	-	76,465
IEC Code Exp.	1,550	-	-	-	1,550
I.E. Reimbursement of Payment	1,04,77,399	-	-	-	1,04,77,399
Insurance Charges	55,623	-	-	-	55,623
IE Escalation Work	4,88,027	-	-	-	4,88,027
Interest on IE Fees	3,23,013	-	-	-	3,23,013
Interest Paid on Statutory Liability	1,00,679	-	-	-	1,00,679
ISIN Activation Exp.	10,449	-	-	-	10,449
Postage & Courier A/c	4,340	-	-	-	4,340
Printing & Stationery	18,772	-	-	-	18,772
Professional Fees	1,88,12,579	-	-	-	1,88,12,579
Professional Fees - Traffic Study	1,11,601	-	-	-	1,11,601
ROC Charges	15,31,158	-	-	-	15,31,158
Stamp Duty	4,42,939	-	-	-	4,42,939
Supervision Charges for ROB	1,57,82,071	-	-	-	1,57,82,071
Tax Expense	1,39,427	-	-	-	1,39,427
Toll Expenses	8,05,411	-	-	-	8,05,411
Travelling Expenses	5,04,611	-	-	-	5,04,611
Upfront Fee - Canara Bank	17,09,650	-	-	-	17,09,650
Upfront Fee - IOB	17,00,077	-	-	-	17,00,077
Up Front Fees Additional Debt- Canara Bank	5,45,115	-	-	-	5,45,115
Interest on Development Fees	32,86,435	-	-	-	32,86,435
(Sub Total a)	1,73,95,33,083	-	-	-	1,73,95,33,083
Less : Indirect Income	4,39,784	-	-	-	4,39,784
(Sub Total b)	4,39,784	-	-	-	4,39,784.28
Grand Total (a-b)	1,73,90,93,298	-	-	-	1,73,90,93,298



Note 8:	Long-term loans and advances	31-03-2017	31-03-2016
		(Amount in INR)	(Amount in INR)
	Advances to related parties:		
	Unsecured:		
	Machinery Advance to Valecha Engineering Limited	5,38,34,002	5,38,34,002
	Material Advance to Valecha Engineering Limited	18,61,37,073	18,61,37,073
	Mobilisation Advance to Valecha Engineering Limited	12,38,84,659	12,38,84,659
	Other Advance to Valecha Engineering Limited	2,45,40,813	1,03,49,694
	Valecha Infrastructures Ltd Assets	21,74,970	13,74,970
	Valecha Badwani Sendhwa Toll Ways Ltd	3,97,880	4,91,600
	Valecha LM Toll Private Limited	1,79,240	2,09,240
		39,11,48,637	37,62,81,238
	(II) Other Advances		
	Advance to Parties	5,350	5,350
		5,350	5,350
	III) Deposits		
	Sales Tax Deposit	50,000	50,000
		50,000	50,000
	Total	39,12,03,987	37,63,36,588

Note 9:	Cash and cash equivalents	31-03-2017	31-03-2016
		(Amount in INR)	(Amount in INR)
	(I) Cash on Hand	5,20,979	3,85,665
	(Sub Total I)	5,20,979	3,85,665
	(II) Balances with Banks		
	In Current Accounts		
	Canara Bank A/c 2677201000919	13,47,145	36,92,798
	Canara Bank Escrow A/c 2630201000167	31,41,474	28,41,380
	Canara Bank Toll Collection A/c -3309201000052	34,70,148	20,78,660
	In Deposit Account		
	Bank term Deposit for Debt Service Reserve Accounts	-	3,72,09,497
	(FDR is under lien of bank. Further, the maturity of FDR is less than 12 months)		
	(Sub Total II)	79,58,768	4,58,22,335
	Total	84,79,747	4,62,08,000

Note 10:	Short Term Loans and Advances	31-03-2017	31-03-2016
		(Amount in INR)	(Amount in INR)
	TDS Receivable	2,04,580	7,01,357
	WCT Receivable	12,979	12,979
	Imprest	28,709	1,16,255
	Interest Accrued On Bank Term Deposit	-	16,94,057
	Total	2,46,268	25,24,648

Note 11:	Employee Benefits Expenses	31-03-2017	31-03-2016
		(Amount in INR)	(Amount in INR)
	Salaries & Wages	11,21,385	8,08,247
	Others	53,550	25,940
	Total	11,74,935	8,34,187

Note 12:	Finance Costs	31-03-2017	31-03-2016
		(Amount in INR)	(Amount in INR)
	Interest Cost After COD	57,92,97,679	26,18,39,996
	Other Expenses On Borrowings	49,847	15,40,976
	Total	57,93,47,526	26,33,80,972

Note 13:	Other Expenses	31-03-2017	31-03-2016
		(Amount in INR)	(Amount in INR)
	Legal & Professional Fees	7,68,820	6,29,787
	Postage & Telegram	300	150
	Power & Fuel	2,29,709	63,600
	Rent & Hire Charges	15,53,425	13,38,000
	Rent, Rates & Taxes	9,000	2,400
	Repair & Maintenance	1,74,43,647	76,54,660
	Sundry Operational Expenses	9,46,792	10,85,544
	Toll Operation & maintenance Expenses	1,22,18,796	1,23,90,870
	Travelling & Conveyance Expenses	8,38,752	50,249
	Excess Provision W/off	13,02,497	-
	Payment to Auditors	4,24,714	3,46,363
	Total	3,57,36,451	2,35,61,623

Note 14:	Commitments	31-03-2017	31-03-2016
	Estimated amount of contracts remaining to be executed on capital account (Net of Capital Advances)	73,70,76,615	52,35,66,833



Note 15:**Related party Disclosure**

The Company has undertaken following transactions with the related parties in terms of Accounting Standard – 18 "Related Party Disclosure":

Enterprise where control exist:
 Enterprise having significant influence :
 Enterprise over which holding company having significant influence :

M/s.Valecha Engineering Ltd (VEL) (Holding Company)
 M/s.PBA Infrastructure Limited (PBA)
 Valecha Infrastructure Limited
 Valecha Badwani Sendhwa Toll Ways Ltd
 Valecha LM Toll Pvt. Ltd.

The name of related parties with the nature of relationship

NATURE OF TRANSACTIONS:

	Holding Company		Enterprise having significant influence		Enterprise over which holding company having significant influence	
	April 2016 to Mar 2017	April 2015 to Mar 2016	April 2016 to Mar 2017	April 2015 to Mar 2016	April 2016 to Mar 2017	April 2015 to Mar 2016
TRANSACTION DURING THE YEAR						
Expenses debited into Intangible Assets Under Development						
EPC Cost	-	41,99,90,172				2,01,008
Advance given						
Advance received back						
Share Application Money Recd						
Promoters Contribution Recd.	1,00,00,000	6,08,00,000				
Short Term Borrowing	-	-				
Shares Allotted	-	-				
OUTSTANDING AT THE YEAR END						
LIABILITIES						
Sub-ordinate debt	58,45,00,000	57,45,00,000				
Creditors	1,67,66,217	1,67,66,217				
Short Term Borrowing	-	-				
ASSETS						
Mobilization Advance	5,38,34,002	5,38,34,002				
Material Advance	18,61,37,073	18,61,37,073				
Machinery Advance	12,38,84,659	12,38,84,659				
Other Advance	2,45,40,813	1,03,49,694			27,52,090	20,75,810



Note 16:	Auditors Remuneration (Including taxes)	31-03-2017	31-03-2016
	Statutory Audit Fee	2,68,000	2,27,500
	Tax Audit	1,00,000	75,000
	Service tax	55,200	43,863
		4,23,200	3,46,363

Note 17:	Earning Per Share	31-03-2017	31-03-2016
	Net Profit attributable to equity shareholders	(73,66,20,821)	(39,42,86,486)
	No of Share	6,85,00,000	6,85,00,000
		(10.75)	(5.76)

Note 18:	Segment Reporting
The Company operates in only one segment, namely "Toll Roads" hence there are no reportable segment under Accounting standard 17 "Segment Reporting"	

Note 19:	Construction Work in Progress
<p>The Project Milestone(s) / Schedule Construction Completion Date as per Clause 10.3.5 of the Concession Agreement with GSRDC could not be achieved for reasons attributable to GSRDC. Accordingly the company had made representation to GSRDC for extension of time and the GSRDC had allowed the interim extension of time in Schedule Construction Completion Date upto 31/12/2014. However, since the construction work could not be completed before the extended date, the company has made representation to GSRDC for extension of time upto 31/12/2015 and the company is hopeful of getting the extension of time. In view of the same, the company does not anticipate any demand from GSRDC for non - achievement of Milestone(s) / Construction Completion Date. Since the project delay caused delay in COD / toll recovery the bankers have re-scheduled the repayment obligation and sanctioned additional loan of Rs.26.79 crores towards interest during construction period. As such there is no cost overrun and escalation on the EPC cost. Further, the company has received provisional certificate from Independent Engineer appointed by GSRDCL to operate up to 53.659 KM from 13.05.2015. The Company has started Toll Collection w.e.f 16.05.2015.</p> <p>GSRDC has conveyed that the Extension of Time sought by is under consideration. In the mean time the project has got delayed beyond 31/12/2015. In which the company has to sought extension of time suitably as per letter dated 25.12.2015. In view of the same the GSRDC has to modify the Milestone / completion of work accordingly and to arrive a realistic project completion date.</p> <p>Further, the company has received provisional certificate from Independent Engineer appointed by GSRDC to operate up to 53.659 KM from 13.05.2015. Accordingly, the Company has started to collect Toll Collection w.e.f 16.05.2015.</p> <p>However, during the year 2016-17 no work has been carried out, hence balance amount of intangible assets under development is not capitalised.</p>	

Note 20:	In the opinion of the management, the Current Assets, Loans and Advances and Current Liabilities are approximately of the value stated, if realised / paid in the ordinary course of business. The provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.
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Note 21:	Balance disclosed under advances and creditors are subject to reconciliation.
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Note 22:	<p>Micro and small enterprises as defined under MSMED Act, 2006</p> <p>There are no Micro and small scale business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2017. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.</p>
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Note 23:	<p>Retirement Benefits</p> <p>As per The Payment of Gratuity Act,1972, employees not employed for more 10 in preceding twelve months. Hence, no liability for retirement benefit costs arises to the Company, therefore compliances with the Accounting Standard - 15 (AS-15) on "Accounting for retirement benefits in the Financial Statements of Employee" is not applicable to the Company.</p>
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Note 24:

Contingent Liabilities

As Concession Agreement Article: 14.4.1: Damage liability may arise due to non-completion of Punch list with 90 days from dated of provisional certificated issued. (Provisional Certificated Dated: 13.05.2015). Lower of 0.1% of the Performance Security and 0.2% of the costs of completing such items as estimated by the Independent Engineer on per day basis, amounting to Rs. 300,45,600 (PY : 300,45,600). GSRDC has conveyed that the Extension of Time sought by is under consideration. In the mean time the project has got delayed beyond 31/12/2015. In which the company has to sought extension of time suitably as per letter dated 25.12.2015. In view of the same the GSRDC has to modify the Milestone / completion of work accordingly and to arrive a realistic project completion date.

Note 25:

Bhuj Bhachau Road Project

The company has achieved revenue from operation amounting to Rs. 5.22 Crores in FY 2016-17 (PY 4.21 crores), against which company has incurred losses of Rs 73.66 crores. The said project had been halted during the year due to non-availability of land and environment issues which resulted in non availability of funds. Further, estimated project costs of Rs. 469 crores has been increased to Rs. 505 crores as on 31st March 2017. After discussions with both client and lenders, the Company on 24th October 2017 signed a binding tripartite agreement between all stakeholders for the One-Time Fund Infusement of Rs 74 Cr towards the completion of the project works. Besides, due to the prolongation of Bhuj Bhachau road project, the Company has approached Hon'ble secretary, Road and Building department, Government of Gujarat and to the Managing Director, Gujarat State Road Development Corporation Ltd, Gujarat with an interim claim of Rs. 390.94 Cr as compensation for delay in providing land and environment clearances for construction of road and allied activities through its EPC contractor Valecha Engineering Limited and other agencies involved with the project. The same has caused a financial strain on the project which has been and will be further taken up with the respective authorities vide its various correspondences.

Further, the company is currently only in initial phase of operation after achieving of Partial COD from the client, where revenue is less due to partial tolling only at Toll Plaza Lakhond. Upon completion of full COD and both plazas being operational, the company believes that there will be an improvement in tolling revenues. Given all the above circumstances, the management believes that the above circumstances are only temporary in nature and going forward the project will achieve its targeted project estimates and accordingly no impairment has been considered for the intangible assets being Toll Road Project.

Note 26:

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particular	Amount in Rs.		
	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	-	1,63,815	1,63,815
(+) Permitted receipts	18,27,000	28,47,995	46,74,995
(-) Permitted payments	-	8,75,000	8,75,000
(-) Amount deposited in Banks	18,27,000	18,77,195	37,04,195
Closing cash in hand as on 30.12.2016	-	2,59,615	2,59,615

Note 27:

Previous Year Comparatives:

The previous year figures have been regrouped, rearranged, and reclassified wherever necessary.

As per our report of even date

For T R Chadha & Co LLP

Chartered Accountants

Firm Registration No: 006711N/ N500028

Kashyap Vaidya
Membership No.: 37623
Partner
Place : Mumbai.
Date : 4th September, 2017



For and on behalf of the Board



Director

Director