PATNA HIGHWAY PROJECTS LIMITED

DIRECTORS' REPORT

To
The Members,
Patna Highway Projects Limited

Your Directors have pleasure in presenting their Ninth Annual Report together with the Audited Financial Statements and the Auditors Report for the financial year from 1st April 2017 to 31st March 2018 ("**Financial Year**").

1. PROJECT STATUS:

Your Company has been awarded the project for the design, construction, finance & maintenance of a 63.17 km long four - lane dual carriageway on NH-77, which includes new bypass of 16.87 km connecting NH-28 in the State of Bihar on BOT (Annuity) basis ("**Project**"), which is presently under implementation.

The concession period is 15 years, ending in August 2025, of which 2.5 years is for construction. The Company will receive an annuity payment of Rs. 9,460 lakhs from National Highways Authority of India, semi-annually, during the entire operations period. The total project cost is estimated at Rs. 153,517 lakhs.

The EPC contract for the project was awarded to Gammon India Limited. The Project has been delayed on account of unavailability of right of way over certain portions of the Project highway. Provisional Commercial Operation date was obtained on 1st September 2016 for the Project stretch from Km. 1.000 to Km. 41.500 excluding stretch from Km. 9.400 to Km 10.600. Your Company has received 3 annuity payments since PCOD amounting Rs. 277.15 Crores.

2. FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	**FYE 31st March 2018**	**FYE 31st March 2017**
Total Income	16,357.21	15,093.59
Profit / (Loss) before Tax	(15.10)	498.50
Tax Expenses	Nil	(161.00)
Profit / (Loss) after Tax	**(15.10)**	**337.50**

3. DIVIDEND / TRANSFER TO RESERVES

On account of the losses incurred by the Company during the Financial Year, the Directors have not recommended any dividend for the Financial Year. No amount is transferred to any reserve.

4. SHARE CAPITAL

As on 31st March 2018, the Authorised, Issued, Subscribed and Paid up Share Capital of the Company is Rs. 50,00,00,000/- divided into 5,00,00,000 equity shares of Rs. 10/- each.

During the Financial Year, the Company has not granted any stock option or sweat equity.

5. MEETINGS OF THE BOARD

During the Financial Year, 7 (Seven) Board Meetings were duly held on 20th April 2017, 17th June 2017, 5th September 2017, 10th November 2017, 2nd January 2018 and 9th March 2017. The intervening gap between the Meetings was not more than 120 days as prescribed under the Companies Act, 2013. Details of attendance by each Director at the said Board meetings are as under:

Name of Directors	Board Meetings attended during the Financial Year
Mr. Mineel Mali	5
Mr. Sanjay Chaudhary	4
Ms. Poonam Sabnis (appointed w.e.f. 5th September 2017)	3
Mr. MSSV Ramana Murthy (resigned w. e. f. April 10, 2017)	Nil
Mr. Govind Sharan (resigned w. e. f. March 21, 2018)	2

6. CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business during the Financial Year.

7. SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

The Company does not have any subsidiary / associate or joint venture.

8. EXTRACT OF ANNUAL RETURN

The details forming part of the extracts of Annual Return in **Form MGT-9** as per Section 92 of the Companies Act, 2013 is annexed herewith as **Annexure 'A'**.

9. BOARD OF DIRECTORS / COMMITTEES

Presently, the Board of Directors comprises of Mr. Mineel Mali, Mr. Sanjay Chaudhary and Ms. Poonam Sabnis.

In accordance with the provisions of the Companies Act, 2013, Mr. Sanjay Chaudhary retires by rotation at the next Annual General Meeting ("**AGM**") and has offered himself for re-appointment.

Mr. MSSV Ramana Murthy and Mr. Govind Sharan resigned as directors of the Company w.e.f. April 10, 2017 and March 21, 2018 respectively.

AUDIT COMMITTEE:

During the Financial Year, the Audit Committee met 1 (one) time on 17th June 2017 and the same was attended by Mr. Mineel Mali and Mr. Govind Sharan. Necessary quorum was present at the meeting.

The Audit Committee of the Board oversees and reviews the financial reporting system and disclosures in financial results. This Committee reviews the adequacy of internal audit procedures, systems and quality of audits, recommends the appointment of statutory auditors and discusses with them the internal control system.

Pursuant to notification of the Ministry of Corporate Affairs dated 5th July 2017, unlisted public company which is a wholly owned subsidiary company shall not be required to have Audit Committee. Accordingly, the Audit Committee of the Company was dissolved by the Board on March 31, 2018.

	No formal annual evaluation was made by the Board of its own performance and that of its committees and individual directors. The Company has not been able to appoint Company Secretary. Remuneration Policy for directors, KMPs and other employees including criteria for determining qualifications, positive attributes and independence of a director are yet to be formulated.
10.	**VIGIL MECHANISM / WHISTLE BLOWER POLICY**
	The Company is yet to establish a vigil mechanism.
11.	**KEY MANAGERIAL PERSONNEL (KMPs)**
	During the Financial Year, the Company has not appointed any key managerial personnel pursuant to section 203 of the Act.
12.	**DEPOSITS**
	The Company has not accepted any deposits covered under Chapter V of the Act.
13.	**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**
	The Company has not made any loans, guarantees or investments as covered under Section 186 of the Act.
14.	**RELATED PARTY TRANSACTIONS**
	The Company has not made any related party transactions covered under the provisions of section 188 of the Act; hence prescribed **Form AOC-2** is not applicable.
15.	**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**
	There are no significant / material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.
16.	**DIRECTORS' RESPONSIBILITY STATEMENT**
	Pursuant to the requirement of Section 134(3)(c) of the Act, your Directors confirm that:
	a. in the preparation of the annual financial statements, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
	b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
	c. the Directors had taken proper and sufficient care for the 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 fraud and other irregularities;
	d. the Directors had prepared the annual accounts on a going concern basis; and
	e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
17.	**PARTICULARS OF EMPLOYEES**
	There are no particulars to be disclosed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in terms of remuneration criteria prescribed thereunder.

18.	**STATUTORY AUDITOR & AUDITOR'S REPORT**
	STATUTORY AUDITOR: In the 7th AGM of the Company convened on 30th June 2016, M/s. Natvarlal Vepari & Co., Chartered Accountants (Firm Registration no.: 106971W), had been appointed as the statutory auditors of the Company until the conclusion of the 12th AGM of the Company. In terms of the provisions of the Companies Act, 2013, it is necessary to get the appointment ratified by the shareholders at every Annual General Meeting until the expiry of the period of original appointment. Amended provisions of Section 139 of the Act vide Companies (Amendment) Act, 2017 notified from 7th May, 2018 no longer requires ratification of appointment of Auditors by members at every subsequent AGM. In view of this, the appointment of Auditors' is not proposed for ratification at ensuing AGM. **AUDITOR'S REPORT:** The Auditors have made qualified opinions in the Annexure to the Auditors' Report in point no. (viii), which reads as under: "According to the information and explanations given to us and based on the documents and records produced to us, the company has not serviced interest of Rs. 5,886.52 lakhs for the entire year in respect of loans from banks. The details of the same are given in the financial statements under note 10.1(h)." **MANAGEMENT EXPLANATION:** The Company has paid off outstanding interest in respect of loans from banks for the period from April 2017 to March 2018 in the month of May 2018.
19.	**SECRETARIAL AUDIT REPORT**
	Mr. Veeraraghavan. N, Practicing Company Secretary have, pursuant to section 203 of the Act, issued the Secretarial Audit Report for the Financial Year with the following qualifications: 1. The Company has not appointed any KMP, as envisaged in Section 203 of the Act. **MANAGEMENT EXPLANATION:** The Company management is considering all options for appointment of company secretary as per the requirements of the Companies Act, 2013. The Report of the Secretarial Auditor is given in Annexure B in the prescribed Form MR-3, which forms part of this Report.
20.	**CORPORATE SOCIAL RESPONSIBILITY (CSR)**
	CSR related provisions of the Act do not apply to the Company as the Company does not meet turnover or networth criteria prescribed in this regard.
21.	**DISCLOSURE ON WOMEN AT WORKPLACE**
	As there are no women employees, the Company was not required to formulate a policy on prevention of sexual harassment at workplace pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.
22.	**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

	(A) Conservation of energy- **NIL** (i) the steps taken or impact on conservation of energy: (ii) the steps taken by the company for utilising alternate sources of energy: (iii) the capital investment on energy conservation equipments: (B) Technology absorption- Not Applicable (i) the efforts made towards technology absorption: (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable (a) the details of technology imported: (b) the year of import: (c) whether the technology been fully absorbed: (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: (iv) the expenditure incurred on Research and Development: NIL (C) Foreign exchange earnings and Outgo- Foreign Exchange earned in terms of actual inflows during the year: Nil Foreign Exchange outgo during the year in terms of actual outflows: Nil
23.	**MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**
	No material change and commitments affecting financial position of the Company occurred between the end of financial year and the date of this Report.
24.	**TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**
	Your Company does not have any amount / shares due to be transferred to Investor Education and Protection Fund.
25.	**SECRETARIAL STANDARDS**
	The Company has complied with all applicable Secretarial Standards.
26.	**INTERNAL FINANCIAL CONTROLS & THEIR ADEQUACY**
	Your Company's internal control systems commensurate with the nature and size of its business operations. Your Company has adequate internal financial controls in place to ensure safeguarding of its assets, prevention of frauds and errors, protection against loss from unauthorized use or disposition and the transactions are authorised, recorded and reported diligently in the Financial Statements.
27.	**RISK MANAGEMENT POLICY**
	The Company has not developed and implemented a formal risk management policy for the Company. However, the Board of Directors periodically as a part of its review of the business consider and discuss the external and internal risk factors like markets related, supply / logistics related, debtors collections, Government policy related matters that may threaten the existence of the Company.

PATNA HIGHWAY PROJECTS LIMITED

28.	ACKNOWLEDGEMENT
	The Directors would like to place on record their appreciation for the valuable co-operation extended to the Company by the employees of the Company, Government Departments, Bankers, Suppliers and Customers for their continuous support to the Company.

For and on behalf of the Board of
Patna Highway Projects Limited

	Sanjay Chaudhary	Poonam Sabnis
Place: Mumbai	Director	Director
Dated: 4th September 2018	DIN - 05157682	DIN – 07706230

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31-03-2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I REGISTRATION & OTHER DETAILS:

i	CIN	U74999DL2009PLC197265
ii	Registration Date	December 22, 2009
iii	Name of the Company	Patna Highway Projects Limited
iv	Category / Sub-category of the Company	Company Limited by Shares
v	Address of the Registered office & contact details	Second Floor, Plot No. 360, Block – B, Sector 19, Dwarka, New Delhi – 110075 Email: phpl@gammoninfra.com
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products / services	NIC Code of the Product /service	% to total turnover of the company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Gammon Infrastructure Projects Limited Reg. Office: Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai - 400025	L45203MH2001 PLC131728	Holding Company	100.00	2 (46)

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year (01-Apr-2017)				No. of Shares held at the end of the year (31-Mar-2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt.or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	49,999,994	6	50,000,000	100.00	49,999,994	6	50,000,000	100.00	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL:(A) (1)	**49,999,994**	6	**50,000,000**	100.00	**49,999,994**	6	**50,000,000**	100.00	0.00
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other...	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A) (2)	**0**	**0**	0	0.00	0	**0**	0	0.00	0.00
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**49,999,994**	6	**50,000,000**	**100.00**	**49,999,994**	6	**50,000,000**	**100.00**	**0.00**

Category of Shareholders	No. of Shares held at the beginning of the year (01-Apr-2017)				No. of Shares held at the end of the year (31-Mar-2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
C) Central govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (B)(1):	**0**	**0**	**0**	0.00	**0**	**0**	**0**	0.00	0.00
(2) Non Institutions									
a) Bodies corporates									
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
c) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (B)(2):	**0**	**0**	**0**	0.00	**0**	**0**	**0**	0.00	0.00
Total Public Shareholding (B)= (B)(1)+(B)(2)	**0**	**0**	**0**	0.00	**0**	**0**	**0**	0.00	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**49,999,994**	**6**	**50,000,000**	**100.00**	**49,999,994**	**6**	**50,000,000**	**100.00**	**0.00**

(ii) **SHAREHOLDING OF PROMOTERS**

Sl No.	Shareholders Name	Shareholding at the beginning of the year (01-Apr-2017)			Shareholding at the end of the year (31-Mar-2018)			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Gammon Infrastructure Projects Limited	50,000,000	100.00	11.88	50,000,000	100.00	11.88	0.00
	Total	**50,000,000.00**	**100.00**		**50,000,000.00**	**100.00**		**0.00**

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the Year (01-Apr-2017)		Cumulative Share holding during the Year (31-Mar-2018)	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	Gammon Infrastructure Projects Limited				
	At the beginning of the year	50,000,000	100.00	50,000,000	100.00
	Date wise increase / decrease in Promoters Share holding during the year	0	0.00	0	0.00
	At the end of the year	**50,000,000**	100.00	**50,000,000**	100.00

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No		Share holding at the beginning of the Year (01-Apr-2017)		Cumulative Share holding during the Year (31-Mar-2018)	
	For Each of the Top 10 Shareholders	No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase / decrease in shareholding during the year	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00

(v) **Shareholding of Directors & KMP**

Sl. No		Share holding at the beginning of the Year (01-Apr-2017)		Cumulative Share holding during the Year (31-Mar-2018)	
	For Each of the Directors & KMP	No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase / decrease in shareholding during the year	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment				
				(Rs. in Lakhs)
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year (01-Apr-2017)				
i) Principal Amount	107,809.25	16,848.12	0.00	124,657.37
ii) Interest due but not paid	2,685.28	19.33	0.00	2,704.61
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	**110,494.53**	**16,867.45**	**0.00**	**127,361.98**
Change in Indebtedness during the financial year				
Additions	0.00	0.00	0.00	0.00
Reduction	12,496.85	19.33	0.00	12,516.18
Net Change	**12,496.85**	**19.33**	**0.00**	**12,516.18**
Indebtedness at the end of the financial year (31-Mar-2018)				
i) Principal Amount	95,226.00	16,848.12	0.00	112,074.12
ii) Interest due but not paid	2,771.68	0.00	0.00	2,771.68
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	**97,997.68**	**16,848.12**	**0.00**	**114,845.80**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. **Remuneration to Managing Director, Whole time director and/or Manager:**

Sl.No	Particulars of Remuneration	Name of the MD / WTD / Manager			Total Amount
		Not Applicable			
1	**Gross salary**				
(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961					0.00
(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961					0.00
(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961					0.00
2	**Stock option**				0.00
3	**Sweat Equity**				0.00
4	**Commission as % of profits**				0.00
5	**Others, please specify**				0.00
	Total (A)				0.00
	Ceiling as per the Act				

B. Remuneration to other directors:

Sl.No	Particulars of Remuneration	Name of the Directors			Total Amount
1	Independent Directors	Not Applicable			
	(a) Fee for attending board / committee meetings				0.00
	(b) Commission				0.00
	(c) Others, pls. specify				0.00
	Total (1)				0.00
2	Other Non Executive Directors				
	(a) Fee for attending board / committee meetings				0.00
	(b) Commission				0.00
	(c) Others, please specify.				0.00
	Total (2)				0.00
	Total (B)=(1+2)				0.00
	Total Managerial Remuneration				0.00
	Overall Ceiling as per the Act				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
1	Gross Salary				
(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.					0.00
(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961					0.00
(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961					0.00
2	Stock Option				0.00
3	Sweat Equity				0.00
4	Commission				0.00
	- as % of profit				
5	Others, please specify				0.00
	Total				0.00

PBS [illegible]

VII **PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

NOT APPLICABLE

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors of
Patna Highway Projects Limited

Name: Sanjay Chaudhary
Designation: Director
DIN: 05157682

PBSabnis
Name: Poonam Sabnis
Designation: Director
DIN: 07706230

Place: Mumbai

Date: 04-Sep-2018

Veeraraghavan.N
Practising Company Secretary

First Maritime Private Limited
201, Gheewala Building
M.P. Road, Mulund – East
Mumbai 400081
Mob: 9821528844
Email : nvr54@ymail.com

Form No. MR – 3

SECRETRIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2018

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To
The Members,
Patna Highway Projects Limited
(CIN : U74999DLPLC197265)

I, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Patna Highway Projects Limited (CIN : U74999DLPLC197265) hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and return filed and other records maintained by the Company and also the information provided by the Company and its officers, during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder (wherever applicable) and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 , according to the provisions of:

(i). The Companies Act, 2013 (the "**Act**") and the rules made thereunder;

(ii). The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the rules made thereunder;

(iii). The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;

(iv). The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

N. VEERARAGHAVAN COMPANY SECRETARY

(v). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;

(f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

(h) SEBI (Share Based Employee Benefits) Regulations, 2014.

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations , 2015

I have also examined compliance with the applicable clauses of the following:

(j) Secretarial Standard issued by The Institute of Company Secretaries of India.

(k) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited. --- *The Company being an unlisted public company, the listing agreements are not applicable to the Company.*

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

The Company has not appointed any KMP, as envisaged in Section 203 of the Act.

N. VEERARAGHAVAN
COMPANY SECRETARY

I further report that:

The Board of Directors of the Company is duly constituted

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through, while the dissenting members' views (if any) are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and insure compliance with applicable laws, rules, regulations and guidelines.

N. VEERARAGHAVAN COMPANY SECRETARY

Veeraraghavan N.
ACS No: 6911
CP NO : 4334

Place : Mumbai
Date: 12th June 2018

Natvarlal Vepari & Co.
CHARTERED ACCOUNTANTS
Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

INDEPENDENT AUDITOR'S REPORT

To the Members of Patna Highway Projects Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Patna Highway Projects Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as Standalone "Ind AS Financial Statement").

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 Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) specified under Section 133 of the Act, read with relevant rules thereon.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the Standalone Ind AS Financial 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 Standalone Ind AS 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 Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS 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

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Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's directors, as well as evaluating the overall presentation of the Standalone Ind AS 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 Standalone Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS of the financial position of the Company as at March 31, 2018, its financial performance including other comprehensive income, its cash flows and the statement of changes in equity for the year ended on that date.

Emphasis of matter

Attention is invited to Note 13(c) relating to the status of the project and changes to concession wherein the management has decided to account the finance income under the annuity model on the basis of the original plan. The cost overrun attributable to reasons beyond the control of the management and attributable to the granter is accounted as a separate receivable against the claim. No finance income is accounted on such cost overrun in the annuity model on a conservative basis till the final decision of the realisability is settled pursuant to arbitration and other legal proceedings., However, on the basis of the management's position on the project and the claims that it is expecting due to delays attributable to NHAI, the delay days being confirmed by the Independent Engineer, the management contends that there is no impairment necessary towards the financial asset shown as Trade receivables by the Company. We have relied on the assertions on the matter. The success of the project meeting the cash flows and avoiding any impairment is dependent on the Company being able to successfully pursue the claim and realising the same from NHAI. Our report is not qualified on this account.

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 give in the Annexure A , a statement on the matters specified in paragraphs 3 and 4 of the said 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;

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS Mumbai

(c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statements of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules thereon;

(e) The matters described in Emphasis of Matters paragraph, in our opinion, may have an adverse effect on the functioning of the Company;

(f) On the basis of written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of section 164(2) of the Act.

(g) With respect to the adequacy of the internal financial controls with reference to financial statements 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 Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

  i. There are no pending litigations on its financial position in its Standalone Ind AS Financial Statements;

  ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

  iii. There are no amounts that are required to be transferred to the Investor Education and Protection Fund during the year.

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No.106971W

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Ruchi Tamhankar
Partner
Membership No. 136667
Mumbai, Dated: June 12, 2018

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

ANNEXURE A
To the Independent Auditors' Report on the Standalone INDAS Financial Statements of Patna Highway Projects Limited

(i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of its Property, Plant & Equipment.

(b) Property, Plant & Equipment have been physically verified by the management during the year on reasonable intervals and no material discrepancies were identified on such verification.

(c) We have verified the title deeds of immovable property forming part of Property, Plant & Equipment produced before us by the management.

(ii) The company does not hold any inventory during the year, and hence clause 3(ii)(a) and 3(ii)(b) of Companies (Auditors Report) Order 2016 are not applicable

(iii) During the year the Company has not granted any loan to entities covered in the register maintained u/s 189 of the Companies Act 2013 and hence clause 3(iii) of Companies (Auditors Report) order 2016 is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 of the Companies Act, 2013 with respect to loans. Provisions of section 186 of the Companies Act, 2013 with respect to loans, investments, guarantees and security given are not applicable to the company as per sub-section (11) of section 186 of Companies Act, 2013, being an infrastructure company.

(v) The Company has not accepted any deposit from the public pursuant to sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder. As informed to us, there is no order that has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of the said sections.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to road annuity based business under BOT basis, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company has been generally regular in depositing undisputed statutory dues including Provident fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at March 31, 2018 for a period of more than six months from the date of becoming payable.

(b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Service Tax, or Value Added Tax which have not been deposited on account of any dispute.

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

(viii) *According to the information and explanations given to us and based on the documents and records produced to us, the company has not serviced interest and principal of Rs. 5,886.52 lacs for the entire year in respect of loans from banks. The details of the same are given in the financial statements under note 10-1(h).* The Company did not have any outstanding loans or borrowing dues to government or dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.

(x) According to the information and explanations given to us and to the best of our knowledge and belief no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) The company has not paid any managerial remuneration during the year and hence provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable and hence clause 3(xi) of Companies (Auditors Report) Order 2016 is not applicable to the Company.

(xii) The Company is not a Nidhi Company hence clause 3(xii) of Companies (Auditors Report) Order 2016 is not applicable to the Company.

(xiii) Since the company is a wholly owned subsidiary of a listed company, therefore the provisions of Sec.177 are not applicable in respect of transactions with related parties. The company has complied with the provisions of Sec 188 of the Act, wherever applicable. The necessary disclosures relating to related party transactions have been made in the Financial Statements as required by applicable accounting standard.

(xiv) The company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review and hence the clause 3(xiv) of the Companies (Auditors Report) Order, 2016 is not applicable to the Company.

(xv) The company has not entered into any non-cash transactions with directors or persons connected with him and hence the clause 3(xv) of the Companies (Auditors Report) Order, 2016 is not applicable to the Company.

(xvi) The nature of business and the activities of the Company are such that the Company is not required to obtain registration under section 45-IA of the Reserve Bank of India Act 1934.

For Natvarlal Vepari & Co
Chartered Accountants
Firm Registration No.106971W

Ruchi Tamhankar
Partner
Membership No. 136667
Mumbai, Dated: June 12, 2018

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls with reference to financial statements of Patna Highway Projects Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statement 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 with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls with reference to financial statements.

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, 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 Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No.106971W

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Ruchi Tamhankar
Partner
Membership No. 136667
Mumbai, Dated: June 12, 2018

PATNA HIGHWAY PROJECTS LIMITED

CIN: U74999DL2009PLC197265

BALANCE SHEET AS AT MARCH 31, 2018

(Rs. In lacs)

Particulars	Note Ref	As on March 31, 2018	As on March 31, 2017
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	3	3.50	8.16
(b) Financial Assets	4		
(i) Trade receivables	4.1	1,06,047.70	1,00,396.79
(ii) Loans	4.2	16.41	16.41
(iii) Others	4.3	1.83	-
(c) Deferred Tax Asset, Net	5	640.39	
(d) Other Non-current assets	6	5,839.78	6,768.58
Total Non-Current Assets (A)		**1,12,549.61**	**1,07,189.95**
(2) Current Assets			
(a) Financial Assets			
(i) Trade receivables	4.1	18,920.00	28,380.00
(ii) Cash and cash equivalents	7	1.80	97.70
(iii) Loans	4.2	90.65	70.73
(iv) Others	4.3	194.06	-
(b) Other current assets	6	617.56	611.02
Total Current Assets (B)		**19,824.07**	**29,159.44**
Total Assets (A + B)		**1,32,373.68**	**1,36,349.39**
EQUITY & LIABILITIES			
Equity			
(a) Equity Share capital	8	5,000.00	5,000.00
(b) Other Equity	9	18,520.16	18,535.50
Total Equity (A)		**23,520.16**	**23,535.50**
Non-current liabilities			
(a) Financial Liabilities	10		
(i) Borrowings	10.1	95,226.00	1,07,809.25
(b) Provisions	12	3.68	2.14
Total Non-current liabilities (B)		**95,229.68**	**1,07,811.38**
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	10.1	-	-
(ii) Trade payables	10.2	236.51	1,074.37
(iii) Other financial liabilities	10.3	13,364.97	3,823.79
(b) Other current liabilities	11	18.52	102.45
(c) Provisions	12	3.84	1.89
Total Current Liabilities (C)		**13,623.84**	**5,002.50**
Total Equity and Liabilities (A + B + C)		**1,32,373.68**	**1,36,349.39**

As per our report of even date attached

For Natvarlal Vepari & Co
Chartered Accountants
Firm Registration No. 106971W

Natvarlal Vepari & Co. Mumbai Chartered Accountants

Ruchi Tamhankar
Partner
M.No.- 136667

Place: Mumbai
Date: June 12, 2018

For and on behalf of the Board of Directors of
Patna Highway Projects Limited

Sanjay Chaudhary
Director
DIN: 05157682

Place: Mumbai
Date: June 12, 2018

Poonam Sabnis
Director
DIN: 07706230

Place: Mumbai
Date: June 12, 2018

PATNA HIGHWAY PROJECTS LIMITED

CIN: U74999DL2009PLC197265

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rs. In lacs)

	Particulars	Note Ref	For Year ended March 31, 2018	For Year ended March 31, 2017
I	Revenue from Operations	13	16,217.36	15,093.59
	Revenue from Operations		**16,217.36**	**15,093.59**
II	Other Income:	14	139.84	-
III	**Total Revenue (I + II)**		**16,357.21**	**15,093.59**
IV	**Expenses:**			
	Construction Cost	15	5,507.51	2,404.45
	Employee Benefit Cost	16	36.04	14.25
	Administrative Expenses	17	1,459.95	885.07
	Finance Charges	18	9,366.77	11,289.17
	Depreciation & amortization	19	2.04	2.15
	Total Expenses		**16,372.31**	**14,595.09**
V	**Profit Before Tax (III-IV)**		**(15.10)**	**498.50**
VI	Exceptional Items		-	-
VII	**Profit Before extraordinary items and Tax (V-VI)**		**(15.10)**	**498.50**
VIII	Extraordinary Items		-	-
IX	**Profit Before Tax (VII-VIII)**		**(15.10)**	**498.50**
X	**Tax Expense**	20	-	(161.00)
	Current Tax		350.00	(161.00)
	Short/ (excess) provision for tax of earlier years		290.39	-
	Deferred Tax Liability / (asset)		(640.39)	-
XI	**Profit / (loss) for the period**		**(15.10)**	**337.50**
XII	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss:			
	Remeasurement of defined benefit plans		0.24	0.03
XIII	**Total Comprehensive Income**		**(15.35)**	**337.47**
XIV	**Earnings per Equity Share:**			
	Basic & Diluted	21	(0.03)	0.68
	Par Value		10.00	10.00

As per our report of even date attached
For Natvarlal Vepari & Co
Chartered Accountants
Firm Registration No. 106971W

Ruchi Tamhankar
Partner
M.No. 136667

Place: Mumbai
Date: June 12, 2018

For and on behalf of the Board of Directors of
Patna Highway Projects Limited

Sanjay Chaudhary
Director
DIN: 05157682

Place: Mumbai
Date: June 12, 2018

Poonam Sabnis
Director
DIN: 07706230

Place: Mumbai
Date: June 12, 2018

PATNA HIGHWAY PROJECTS LIMITED

CIN : U74999DL2009PLC197265

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018

(Rs in lacs)

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit/ (loss) before tax and extraordinary items		(15.10)		498.50
Add:				
Depreciation	2.04		2.15	
Balances written off	1.69		4.63	
Finance Expenses	9,286.52		11,267.54	
Profit on sale of assets	(1.18)		-	
Interest on Income Tax Refund	(1.83)		-	
Interest on Bank FD	(136.84)		-	
Guarantee expenses on Holding Co. guarantee	542.35		530.54	
Prepaid upfront fees amortized	67.17		-	
Finance Income	(11,924.09)	(2,164.18)	(12,546.37)	(741.51)
Operating profit before working capital changes		**(2,179.28)**		**(243.01)**
Movements in working capital :				
Movements in provisions	3.74		0.87	
Increase / (decrease) in trade payables and other financial liabilities	(1,290.90)		203.72	
Changes in other liabilities	(83.93)		101.35	
Movements in trade receivable	15,733.19		(2,171.10)	
Movement in financial assets	(213.99)		(86.90)	
Movement in other assets	342.54	14,490.66	770.03	(1,182.03)
Cash (used in) / generated from the operations		12,311		(1,425.03)
Direct taxes paid		(668.55)		(184.77)
Net cash (used in) / generated from the operations		**11,642.82**		**(1,609.80)**
B. CASH FLOW FROM INVESTMENT ACTIVITIES :				
Interest Received	136.84		-	
Proceeds from sale of asset	-			
Payments made towards purchase of tangible asset	-	136.84	-	
		136.84		-
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Intercorporate deposits Received	400.00		4,000.00	
Intercorporate deposits Repaid	(400.00)		-	
Long term proceeds from Banks & Financial Institutions	-		8,264.66	
Long Term Loans repaid	(2,656.11)		(74.43)	
Interest Paid	(9,219.45)	(11,875.56)	(10,795.07)	**1,395.16**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(95.90)**		**(214.64)**
Opening Balance		97.70		312.33
Closing Balance		1.80		97.70
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(95.90)**		**(214.64)**
Components of cash and cash equivalents				
With banks :				
- On current account		1.80		97.70
		1.80		**97.70**

Note: Figures in brackets denote outflows.

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For Natvarlal Vepari & Co.
Chartered Accountants
ICAI Firm Registration No. : 106971W

Ruchi Tamhankar
Partner
M.No.- 136667

Place: Mumbai
Date: June 12, 2018

For and on behalf of the Board of Directors of
Patna Highway Projects Limited

Sanjay Chaudhary
Director
DIN: 05157682

Place: Mumbai
Date: June 12, 2018

Poonam Sabnis
Director
DIN: 07706230

Place: Mumbai
Date: June 12, 2018

PATNA HIGHWAY PROJECTS LIMITED
CIN: U74999DL2009PLC197265

Notes to financial statements for the year ended March 31, 2018

Statement of Changes in Equity for the year ended

A . Equity Share Capital

Particulars	March 31, 2018		March 31, 2017	
	Number	Amount (Rs.)	Number	Amount (Rs.)
Equity shares of INR 10 each issued, subscribed and fully paid				
Balance at the beginning of the reporting period	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Changes in equity share capital during the year				
Add: Issue during the reporting period	-	-	-	-
Balance at end of the year	**5,00,00,000**	**5,000.00**	**5,00,00,000**	**5,000.00**

B. Other Equity

For the year ended March 31, 2018

Particulars	Retained Earnings	Capital Contribution on ICD	Capital Contribution on guarantee commission	Total
Balance as at April 1, 2016	**1,349.88**	**6,460.50**	**6,387.62**	**14,198.00**
Profit for the year	337.17	-	-	337.17
Inter-Corporate Loan received from GIPL		4,000.00	-	4,000.00
Items that will not be reclassified to profit or loss:				
- Remeasurement of defined benefit plans	0.33	-	-	0.33
Balance as at March 31, 2017	**1,687.38**	**10,460.50**	**6,387.62**	**18,535.50**
Profit for the year	(15.10)	-	-	(15.10)
Inter-Corporate Loan received from GIPL	-	-	-	-
				-
Items that will not be reclassified to profit or loss:				
- Remeasurement of defined benefit plans	(0.24)	-	-	(0.24)
Balance as at March 31, 2018	**1,672.03**	**10,460.50**	**6,387.62**	**18,520.16**

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS Mumbai

PATNA HIGHWAY PROJECTS LIMITED
Significant Accounting Policies for the year ended March 31, 2018

1 Corporate Information

Patna Highway Projects Limited ('PHPL') is domiciled in India and having its registered office at second floor, Plot No.360, Block B, Sector 19, Dwarka, New Delhi, South West Delhi, 110075, incorporated under the Companies Act, 1956, on December 22, 2009, as a subsidiary of Gammon Infrastructure Projects Limited ('GIPL'). The Company entered into a Concession Agreement ('the Contract') with the National Highways Authority of India ('NHAI') for the development, maintenance and operation of road from Patna (Hajipur) to Muzaffarpur in the state of Bihar on Build Operate and Transfer ('BOT') Annuity basis.

The project has obtained pre-COD on September 1, 2016. In respect of the project on annuity basis of the Company, The Company has recorded the project in accordance with the requirement of Appendix A to Ind AS 11, titled "Service Concession Arrangement" with retrospective period in accordance with the requirements of Ind AS 101- First Time Adoption. Accordingly, the Company has recognized "Trade Receivables" being financial asset as against the earlier accounting as per previous GAAP of Intangible Asset under Development. The Company will have cost overrun on account of issue beyond the scope of the company and attributable to the Grantor. This will not result in any changes in the Annuity from the grantor. However this amount will be treated separately as receivable from the Grantor based on certification of delay period attributable to the Grantor certified by the Independent Engineer. The Company expects a sizeable claim on this amount and has obtained legal support for the validity of its claim from an Independent Expert on claim and litigation. The Company had also applied to the lenders for Scheme for Sustainable Structuring of Stressed Assets (S4A). However, in view of the RBI circular dated February 12, 2018, the application became infructuous. During the year, the management, although having a valid claim for compensation, supported by Independent Engineer's assessment, has decided to account the finance income under the annuity model on the basis of the original plan. The cost overrun attributable to reasons beyond the control of the management and attributable to the granter is accounted as a separate receivable against the claim. No finance income is accounted on such cost overrun in the annuity model on a conservative basis till the final decision of the realisability is settled pursuant to arbitration and other legal proceedings.

2 Significant Accounting Policies

2.1 Basis of Preparation

The Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2014 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016.

The standalone financial statements are presented in INR and all values are rounded to the nearest lacs, except otherwise stated.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is twelve months and therefore all current and non-current classifications are done based on the status of realisability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date as required by Schedule III to the Companies Act, 2013.

2.2 Use of estimates

The preparation of the financial statememts in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

2.3 Recent Accounting Pronouncements

a) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

b) Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

c) The standard permits two possible methods of transition:
• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

2.4 **Summary of significant accounting policies**

The operating cycle of the business of the Company is twelve months from the reporting date as required by Schedule III to the Companies Act, 2013.

a) **Current and non-current classification**
The Company presents assets and liabilities in the balance sheet based on current/non-current classification.
An asset is current when :
- It is expected to be realised or intended to be sold or consumed in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when :
- It is expected to be settled in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

b) **Property, Plant and Equipment (PPE)**
Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price inclusive of taxes, commissioning expenses, etc. upto the date the asset is ready for its intended use.
Significant spares which have a usage period in excess of one year are also considered as part of Property, Plant and Equipment and are depreciated over their useful life.
Decommissioning costs, if any, on Property, Plant and Equipment are estimated at their present value and capitalised as part of such assets.
Borrowing costs on Property, Plant and Equipments are capitalised when the relevant recognition criteria specified in Ind AS 23 Borrowing Costs is met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as per Schedule II of the Companies Act, 2013
An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.
The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) **Financial Asset**
The Company recognises its expenditure incurred on the project as a financial asset in accordance with the principles laid down in Appendix A of Ind AS 11, Service Concession Agreements. The project satisfies the test of Financial Asset

d) **Borrowing costs**
All borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

e) **Cash and cash equivalents**
Cash and cash equivalents include cash in hand, demand deposits in banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within bank borrowings in current liabilities on the balance sheet.

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f) **Provisions , Contingent liabilities and Contingent Assets**
Provisions
The Company recognizes a provision when it has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

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 Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each balance sheet date.

g) **Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.
Gratuity, a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year/period on projected Unit Credit Method.
The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.
Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.
Past service costs are recognised in profit or loss on the earlier of:
► The date of the plan amendment or curtailment, and
► The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The current and non-current bifurcation is done as per Actuarial report.

Termination Benefits
Termination benefits are payable as a result of the company's decision to terminate employment before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognizes these benefits when it has demonstrably undertaken to terminate current employees' employment in accordance with a formal detailed plan that cannot be withdrawn, or to provide severance indemnities as a result of an offer made to encourage voluntary redundancy. Benefits that will not be paid within 12 months of the balance sheet date are discounted to their present value.

h) **Foreign Currencies**
Transactions and Balances
Transactions in foreign currencies are initially recorded in reporting currency by the Company at spot rates at the date of transaction. The Company's functional currency and reporting currency is same i.e. INR.
Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

i) **Fair Value Measurement**
The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
► In the principal market for the asset or liability, or
► In the absence of a principal market, in the most advantageous market for the asset or liability
The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

j) **Financial instruments**
Initial recognition
The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

A **Non-derivative financial instruments**
Subsequent measurement

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

ii) **Financial assets at fair value through other comprehensive income**
A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

iii) **Financial assets at fair value through profit or loss**
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv) **Financial liabilities**
Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

k) **Revenue Recognition**
Revenue from Operations and Maintenance including major maintenance are accrued on the basis of estimated cost plus margin and the amount reconciled is added to the financial asset. Revenue from financial asset is accrued in accordance with Interest EIR of the annuity receipt.

Interest Income
Interest income from financial asset is recognised using effective interest rate method.

l) **Taxes**
Current Income Tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

m) **Earning per share**
Earnings per share is calculated by dividing the net profit or loss before OCI for the year by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss before OCI for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n) **Measurement of EBITDA**
The Company has elected to present earnings before interest, tax expenses, depreciation and amortization expenses (EBITDA) as a separate line item on the face of the statement of profit and loss. In the measurement of EBITDA, the Company does not include depreciation and amortization expenses, interest and tax expense.

q) **Dividend Distribution**

Dividend distribution to the Company's equity holders is recognized as a liability in the Company's annual accounts in the year in which the dividends are approved by the Company's equity holders.

PATNA HIGHWAY PROJECTS LIMITED
CIN: U74999DL2009PLC197265
For the year ended March 31, 2018
(All the figures are in lacs unless otherwise stated)

3 Details of Class of Property Plant and Equipment

Particulars	Freehold Land	Motor Car	Computers	Office Equipment	Furniture & Fixtures	Total
Cost or valuation						
As at March 31, 2016	3.50	13.10	1.78	1.92	1.97	22.27
Additions						-
Sales/Disposals/Adjustments						-
As at March 31, 2017	3.50	13.10	1.78	1.92	1.97	22.27
Additions	-	-	-	-	-	-
Sales/Disposals/Adjustments	-	(13.10)	-	-	-	(13.10)
As at March 31, 2018	3.50	-	1.78	1.92	1.97	9.17
Depreciation						
As at March 31, 2016	-	6.72	1.78	1.29	0.64	10.42
Charge for the period	-	2.83	-	0.45	0.40	3.68
Sales/Disposals/Adjustments	-	-	-	-	-	-
As at March 31, 2017	-	9.55	1.78	1.74	1.04	14.10
Charge for the period	-	0.92	-	0.18	0.93	2.03
Sales/Disposals/Adjustments	-	10.47	-	-	-	10.47
As at March 31, 2018	-	-	1.78	1.92	1.97	5.67
Net Block						
As at March 31, 2018	3.50	-	-	-	-	3.50
As at March 31, 2017	3.50	3.55	-	0.18	0.93	8.16

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4 **Financial Assets**

4.1 **Trade Receivable**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	Non - Current		Current	
Financial Asset as per Service Concession Agreement	1,06,047.70	1,00,396.79	18,920.00	28,380.00
Total	**1,06,047.70**	**1,00,396.79**	**18,920.00**	**28,380.00**

4.2 **Loans & Advances**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	Non - Current		Current	
(unsecured considered good)				
Security Deposit	16.41	16.41	-	-
Advances to related parties	-	-	90.65	70.73
Total	**16.41**	**16.41**	**90.65**	**70.73**

4.3 **Financial Assets - Others**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	Non - Current		Current	
(unsecured considered good)				
Dues receivable from GIPL		-	194.06	-
Interest on Income Tax Receivable	1.83	-		-
Total	**1.83**	-	**194.06**	-

5 **Deferred Tax Assets**

	As at March 31, 2018	As at March 31, 2017
Deferred Tax Liability on account of :		
i) Unrealised Gain on Mutual Fund	-	-
ii) Remeasurement gain/(loss) on defined benefit plans	-	-
Deferred Tax Asset on account of :		
i) Mat Credit Entitlement	640.39	
	640.39	-

6 **Other Assets**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	Non - Current		Current	
(unsecured considered good)				
EPC Advance given to Gammon Engineers & Contractors Private Limited (GECPL)*	418.09	-	-	-
O&M Advance given to contractor - GIPL	460.60	1,221.98	-	-
Advance taxes (net of provisions)	64.64	34.85	-	-
Balances with revenue authorities	3.95	-	0.02	-
Deferred Guarantee Commission	4,330.91	4,883.37	534.96	524.85
Prepaid Expenses	-	-	15.78	18.14
Prepaid Upfront Fees	561.58	628.39	66.80	67.17
Service Tax recoverable	-	-	-	0.86
Total	**5,839.78**	**6,768.58**	**617.56**	**611.02**

*The Company signed an EPC contract with Gammon India Limited (Pursuant to Scheme of Arrangements the project has been transferred to Gammon Engineers & Contractors Private Limited from Gammon India Limited vide NCLT order dated March 22, 2017) for construction of the road from Patna (Hajipur) to Muzaffarpur in the state of Bihar. As required in the contract the Company is required to pay mobilisation advance towards the said contract which is to be recovered progressively from the bills presented by the EPC contractor. The balance amount of the said mobilisation advance to be recovered from Gammon Engineers & Contractors Private Limited stands at 418.09 lacs (Previous year Nil).

7 **Cash and cash equivalents**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	Non - Current		Current	
Balances with scheduled banks in current account			1.80	97.70
Total	-	-	**1.80**	**97.70**

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8 **Equity Share Capital**

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised Shares: 5,00,00,000 shares - March 31, 2018 5,00,00,000 shares - March 31, 2017 (of Rs.10/- each)	5,000.00	5,000.00
Issued, Subscribed & Paid-up: 5,00,00,000 shares - March 31, 2018 5,00,00,000 shares - March 31, 2017 (of Rs.10/- each)	5,000.00	5,000.00

a) **Reconciliation of the equity shares**

Particulars	March 31, 2018 Number	March 31, 2018 Amount	March 31, 2017 Number	March 31, 2017 Amount
Equity shares outstanding at the beginning	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued during the period	-	-	-	-
Balance of the end of the year	**5,00,00,000**	**5,000.00**	**5,00,00,000**	**5,000.00**

Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) **Details of registered shareholders holding more than 5% equity shares in the Company:**

Shareholders Equity shares of Rs 10 each paid up	March 31, 2018 Number	March 31, 2018 % of holding	March 31, 2017 Number	March 31, 2017 % of holding
Gammon Infrastructure Projects Limited	5,00,00,000	100%	5,00,00,000	100%
Total	5,00,00,000	100%	5,00,00,000	100%

9 **Other Equity**

Particulars	As at March 31,	As at March 31,
i) Retained Earnings	1,672.03	1,687.38
ii) Capital Contribution	16,848.12	16,848.12
Balance at the end of the year	**18,520.16**	**18,535.50**

10 **Financial Liabilities**

10.1 **Borrowings**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	Non - Current		Current	
(Secured)				
Indian rupee loans from banks	95,226.00	1,07,809.25	-	-
Current maturities of long term borrowings	-	-	7,463.77	651.57
Overdue loans from banks	-	-	3,114.94	-
Total	**95,226.00**	**1,07,809.25**	**10,578.71**	**651.57**

The Term Loans from Banks is secured by:

a) a first mortgage and charge on all the Company's movable properties, immovable properties, tangible assets, intangible assets, all bank accounts (including escrow accounts) and receivables (including annuity) both present and future save and except the Project Assets;

b) The holding company, Gammon Infrastructure Projects Limited has availed an Overdraft facility from Bank of India against which second charge has been created against the project assets of the company. The charge was executed on February 9, 2018 in favour of the bank. However, the creation of charge has not been registered with the Registrar of Companies till date.

c) pledge of 30% of equity shares of the Company presently held by GIPL.

d) non disposal undertaking (NDU) for 70% of the paid up equity capital of the Company.

e) unconditional and irrevocable corporate guarantee of the Promoter guaranteeing the repayment of the secured obligations in the event of termination of the Concession Agreement pursuant to occurrence of any Concessionaire Default during the construction period, which shall stand discharged upon occurrence of the CoD.

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f) The Company had entered into a Master Restructuring Agreement with its lenders based on which the term loan is repayable in 25 semi-annual instalments commencing August 17, 2017. The amount of repayment is determined as a % of revised loan amount ranging from 0.1% to 30.00% of the loan in respect of each instalment. The interest rate applicable to the Company is the highest of the rates individually determined by each member of the lenders consortium. The rate of interest is 8.80 to 9.05 % (previous year 10.50 to 10.75%). During the year, the lenders have reduced the interest rates on the loans and accordingly, there is an interest reversal of Rs.1931.65 lacs which has been accounted for during the year.

g) The schedule for repayment of the term loan is as under :

Particulars	March 31, 2018	March 31, 2017
Instalments payable within 1 year	10,069.66	651.57
Instalments payable between 2 to 5 years	31,005.35	15,529.09
Instalments payable beyond 5 years	64,729.71	92,280.16
	1,05,804.71	1,08,460.82

h) **Continuing Default Disclosure**

As on March 31, 2018

Name of the Bank	Ageing	Interest	Principal	Facility
Bank of Maharashtra	1 - 90 days	282.48	368.19	Term Loan
Indian Bank	1 - 90 days	335.73	368.19	Term Loan
Indian Overseas Bank	1 - 90 days	607.66	589.10	Term Loan
Corporation Bank	1 - 90 days	424.26	552.28	Term Loan
Federal Bank	1 - 90 days	276.39	276.14	Term Loan
Punjab & Sindh Bank	1 - 90 days	390.58	368.19	Term Loan
Yes Bank	1 - 90 days	454.58	592.88	Term Loan
Total		**2,771.68**	**3,114.94**	

As on March 31, 2017

Name of the Bank	Ageing	Interest	Principal	Facility
Bank of Maharashtra	1 - 90 days	333.77	-	Term Loan
Indian Bank	1 - 90 days	333.59	-	Term Loan
Indian Overseas Bank	1 - 90 days	531.41	-	Term Loan
Corporation Bank	1 - 90 days	500.43	-	Term Loan
Federal Bank	1 - 90 days	250.42	-	Term Loan
Punjab & Sindh Bank	1 - 90 days	333.18	-	Term Loan
Yes Bank	1 - 90 days	402.48	-	Term Loan
Gammon Infrastructure Projects Limited	> 365 days	19.33	-	Unsecured Loan
Total		**2,704.61**	-	

i) **List of defaults incurred during the year and remedied by the balance sheet date**

	1 to 89 days	90 to 180 days	181 to 365 days	Total
Interest	6,581.01	572.25		7,153.26
	-	-		
Principal	2,790.29	-	-	2,790.29
Total	**9,371.30**	**572.25**	-	**9,943.55**

j) **NPA disclosure**

The Project achieved Provisional Commercial Operations Date (PCOD) on September 01, 2016 and thereafter has received 3 (three) annuity payments (semi-annual basis) from the Concessioning Authority (the Client). The 3rd (third) annuity payment for the Project was delayed by over 90 (ninety) days, resulting in the Company not being able to meet its debt servicing obligations of 3 (three) out of its 7 (seven) consortium lenders. Since, the delay was for a period of over 90 (ninety) days, these 3 (three) consortium lenders classified the debt provided to the Company as a Non-Performing Asset (NPA) as per the Reserve Bank of India (RBI) guidelines. Subsequently, on receipt of the 3rd (third) annuity payment, the Lead Bank released the overdue amount of these 3 (three) Lenders. 2 (two) of these 3 (three) lenders reclassified their loan account as 'Standard', while the 3rd (third) lender due to an erroneous transfer of a lower amount towards their debt dues by the Lead Bank, continues to classify their debt as NPA.

k) As at March 31, 2018, out of total consortium lenders, Company was unable to obtain balance confirmations from 3 lenders.

10.2 **Trade Payables**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	Non - Current		Current	
Trade Payables				
- Micro, Small and Medium Enterprises		-		-
- Other		-	236.51	1,074.37
Total	-	-	**236.51**	**1,074.37**

As per the information available with the Company, there are no Micro, Small, and Medium Enterprises, as defined in the Micro, Small, and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal or interest.

The above information regarding Micro, Small, and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

10.3 **Other Financial Liabilities**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	Non - Current		Current	
Current maturities of long term borrowings	-	-	7,463.77	651.57
Overdue loans from banks			3,114.94	-
Interest accrued and due:(*)				
Related Party - GIPL		-	-	19.33
Banks		-	2,771.68	2,685.28
Other liabilities		-	14.41	54.95
Other Staff liabilities			0.17	0.79
Other dues to related Parties:				
Gammon Infrastructure Projects Limited		-	-	411.87
Total	-	-	**13,364.97**	**3,823.79**

(*) Refer Note 9.1 (h) above for continuing default
** Refer Note 5

11 **Other Non Financial Liabilities**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	Non - Current		Current	
Duties and Taxes payable	-	-	18.52	102.45
Total	-	-	**18.52**	**102.45**

12 **Provisions**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	Non - Current		Current	
Provision for gratuity	0.87	0.41	1.00	0.79
Provision for leave encashment	2.81	1.73	2.84	1.11
Total	**3.68**	**2.14**	**3.84**	**1.89**

Disclosure in accordance with Ind AS – 19 "Employee Benefits", of the Companies (Indian Accounting Standards) Rules, 2015.

The company has carried out the actuarial valuation of Gratuity and Leave Encashment liability under actuarial principle, in accordance with Ind AS 19 - Employee Benefits.

Gratuity is a defined benefit plan under which employees who have completed five years or more of service are entitled to gratuity on departure from employment at an amount equivalent to 15 days salary (based on last drawn salary) for each completed year of service restricted to Rs 20 lacs (previous year Rs 10 lacs) The Company's gratuity liability is unfunded.

i) **The amount recognised in the balance sheet and the movements in the net defined benefit obligation over the year is as follow:(Gratuity)**

Particulars	As at March 31, 2018	As at March 31, 2017
a) Reconciliation of opening and closing balances of Defined benefit Obligation		
Defined Benefit obligation at the beginning of the year	1.20	0.90
Current Service Cost	0.36	0.26
Interest Cost	0.08	0.07
Actuarial (Gain) /Loss	0.24	(0.03)
Past employees Service	-	-
Benefits paid	-	-
Defined Benefit obligation at the year end	**1.90**	**1.20**

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b) Reconciliation of opening and closing balances of fair value of plan assets

Fair Value of plan assets at the beginning of the year	-	-
Expected return on Plan Assets	-	-
Actuarial Gain/ (Loss)	-	-
Employer Contribution	-	-
Benefits Paid	-	-
Fair Value of Plan Assets at the year end	-	-
Actual Return on Plan Assets	-	-

c) Reconciliation of fair value of assets and obligations

Fair Value of Plan Assets	-	-
Present value of Defined Benefit obligation	1.90	1.20
Liability recognized in Balance Sheet	**1.90**	**1.20**

d) Expenses recognized during the year (Under the head " Employees Benefit Expenses)

Current Service Cost	0.36	0.26
Interest Cost	0.08	0.07
Expected Rate of return on Plan Assets	-	-
Past employees Service	-	-
Actuarial (Gain)/Loss		-
Net Cost	**0.44**	**0.33**

ii) Actuarial assumptions

Particulars **Mortality Table (LIC)**	As on **March 31, 2018 (Rs. in lacs)** **Gratuity** **2006-08** **(Ultimate)**	As on **March 31, 2017 (Rs. in lacs)** **Gratuity** **2006-08** **(Ultimate)**
Discount rate (per annum)	7.75%	6.50%
Expected rate of return on Plan assets (per annum)	NA	NA
Rate of escalation in salary (per annum)	6%	6%
Withdrawal rate:		
- upto age of 34	3%	3%
- upto age of 35-44	2%	2%
- upto age 45 & above	1%	1%
Retirement age	60 years	60 years

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

There is no minimum funding requirement for a gratuity plan in India and there is no compulsion on the part of the company fully or partially pre-fund the liabilities under the plan. Since the liabilities are un funded there is no asset liability matching strategy devised for the plan.

iii) Sensitivity analysis

A quantitative Sensitivity analysis for significant assumption as on 31 March 2018

Particulars	**Discount rate**	**Salary growth rate**
Change in assumption		
March 31, 2018	1%	1%
March 31, 2017	1%	1%
Increase in assumption		
March 31, 2018	(0.09)	0.10
March 31, 2017	(0.03)	0.03
Decrease in assumption		
March 31, 2018	0.10	(0.09)
March 31, 2017	0.03	(0.03)

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13 **Revenue from operations**

Particulars	For year ended March 31, 2018	For year ended March 31, 2017
Construction Revenue	2,500.47	2,547.22
Finance Income	11,924.09	12,546.37
Change of Scope	1,052.55	-
O & M Revenue	740.25	-
Total	**16,217.36**	**15,093.59**

In accordance with the principles laid down in Appendix A of Ind AS 11, the PPP concession agreement of the company with NHAI gets recognised as Financial Asset. The Finance income above is recognised on the basis of EIR of the project cash flows.

Disclosures as required by Appendix B of Ind AS 11 relating to "Service Concession Arrangements: Disclosures"

(a) **Description of the Arrangement along with salient features of the project:**

The Company entered into a Concession Agreement ('the Contract') with the National Highways Authority of India ('NHAI') for the development, maintenance and operation of road from Patna (Hajipur) to Muzaffarpur in the state of Bihar on Build Operate and Transfer ('BOT') Annuity basis. In respect of the project on annuity basis of the Company, The Company has recorded the project in accordance with the requirement of Appendix A to Ind AS 11, titled "Service Concession Arrangement" with retrospective period in accordance with the requirements of Ind AS 101- First Time Adoption. Accordingly, the Company has recognized "Trade Receivables" being financial asset as against the earlier accounting as per previous GAAP of Intangible Asset under Development. Thus, the company is recognizing construction revenue and financial income as per the "Financial Asset Model" of Appendix A to Ind AS 11

(b) **Obligations of Operations and maintenance**

The Company is required to carry out operations and maintenance on the road annually with an obligation to carry out periodic maintenance in terms of the Concession at regular intervals.

(c) **Changes to the Concession during the period**

Patna Highway Projects Limited ('PHPL') is domiciled in India and having its registered office at second floor, Plot No.360, Block B, Sector 19, Dwarka, New Delhi, South West Delhi, 110075, incorporated under the Companies Act, 1956, on December 22, 2009, as a subsidiary of Gammon Infrastructure Projects Limited ('GIPL'). The Company entered into a Concession Agreement ('the Contract') with the National Highways Authority of India ('NHAI') for the development, maintenance and operation of road from Patna (Hajipur) to Muzaffarpur in the state of Bihar on Build Operate and Transfer ('BOT') Annuity basis.

The project has obtained pre-COD on September 1, 2016. In respect of the project on annuity basis of the Company, The Company has recorded the project in accordance with the requirement of Appendix A to Ind AS 11, titled "Service Concession Arrangement" with retrospective period in accordance with the requirements of Ind AS 101- First Time Adoption. Accordingly, the Company has recognized "Trade Receivables" being financial asset as against the earlier accounting as per previous GAAP of Intangible Asset under Development. The Company will have cost overrun on account of issue beyond the scope of the company and attributable to the Grantor. This will not result in any changes in the Annuity from the grantor. However this amount will be treated separately as receivable from the Grantor based on certification of delay period attributable to the Grantor certified by the Independent Engineer. The Company expects a sizeable claim on this amount and has obtained legal support for the validity of its claim from an Independent Expert on claim and litigation. The Company had also applied to the lenders for Scheme for Sustainable Structuring of Stressed Assets (S4A). However, in view of the RBI circular dated February 12, 2018, the application became infructuous. During the year, the management, although having a valid claim for compensation, supported by Independent Engineer's assessment, has decided to account the finance income under the annuity model on the basis of the original plan. The cost overrun attributable to reasons beyond the control of the management and attributable to the granter is accounted as a separate receivable against the claim. No finance income is accounted on such cost overrun in the annuity model on a conservative basis till the final decision of the realisability is settled pursuant to arbitration and other legal proceedings.

(d) **Classification of the Concession**

The Company has applied the principles enumerated in Appendix A of Ind AS – 11 titled "Service Concession Arrangement" and has classified the arrangement as a Financial Asset resulting in recognition of an Financial Asset. Revenue is recognised during the construction period as revenue from construction services as well as financial income.

(e) **Disclosure of Construction services revenue, cost and margin :**

The Company has recognised the following Revenue, Cost and margin from construction services.

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Revenue		
- Construction Revenue (including change of Scope)	3,553.02	2,547.22
- O & M Revenue	740.25	-
- Finance Income	11,924.09	12,546.37
	16,217.36	**15,093.59**
Costs		
- Construction Cost	3,964.59	2,404.45
- O & M Cost	1,542.92	-
- Finance Cost	9,286.52	11,110.16
	14,794.03	**13,514.61**
Margin earned	**1,423.33**	**1,578.98**

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14 **Other Income**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest on Bank FD	136.84	-
Profit on sale of assets	1.18	
Interest on Income Tax Refund	1.83	-
Total	**139.84**	**-**

15 **Construction Cost**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sub contracting expenses	2,912.04	2,404.45
Change of Scope	1,052.55	-
O & M Expense	1,542.92	-
Total	**5,507.51**	**2,404.45**

16 **Employee Cost**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	32.64	13.16
Contribution to provident and other funds	3.25	1.09
Staff walfare expenses	0.14	-
Total	**36.04**	**14.25**

17 **Administrative Expenses**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Professional fees	172.08	91.61
Legal fees	-	6.40
Sponsorship fees	100.00	-
Motor Car Expenses	22.67	8.49
Insurance expense	45.01	30.46
Electricity charges	46.96	-
Filing fees	0.14	-
Guarantee commission charges	542.35	530.54
Remuneration to Auditors	-	
- Audit including tax audit	9.50	7.00
- Certification	0.10	0.05
Travelling	5.24	4.64
Repairs & Maintenance	7.54	-
Sundry expenses	3.36	11.07
Balances of loans and advances written off	1.69	4.63
Indirect Taxes written off	128.43	-
Liquidated Damages to NHAI	374.88	190.19
Total	**1,459.95**	**885.07**

18 **Finance Charges**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense on financial liability at amortised cost	9,286.52	11,267.54
Other finance charges	80.25	21.63
Total	**9,366.77**	**11,289.17**

During the year, there is a reversal of interest cost of Rs.1931.65 lacs on account of reduction of interest rates by the lenders.

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19 **Depreciation & Amortization**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation	2.04	2.15
Total	2.04	2.15

20 **Tax Expense**

Reconciliation of statutory rate of tax and effective rate of tax:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current Tax	350.00	161.00
Short/ (excess) provision for tax of earlier years	290.39	-
Deferred Tax Liability / (asset)	(640.39)	-
	-	161.00
Accounting profit before income tax for the year	(15.10)	498.50
At India's statutory income tax rate	28.84%	33.06%
Tax on above	(4.36)	164.82
Effect of non-deductible expenses	177.32	0.85
Effect of deductible expenses	(0.54)	(1.16)
Effect of b/fd business loss	-	(11.23)
Income Tax expense (Net)	**172.42**	**153.27**
Tax liability as per MAT		
Book profit	(15.10)	498.50
Rate of MAT	21.34%	20.38%
MAT on above	(3.22)	101.59
Effect of non-deductible expenses	0.44	0.52
Effect of IndAS impacts	333.86	58.40
Effect of deductible expenses	(0.44)	(0.44)
Other	19.36	0.92
Minimum Alternate Tax on Book Profit	**350.00**	**161.00**

21 **Earnings Per Share (EPS)**

Net Profit / (loss) attributable to equity shareholders and the weighted number of shares outstanding for basic and diluted earnings per share are as summarised below:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net Profit / (Loss) as per Statement of Profit and Loss	(15.10)	337.50
Outstanding equity shares at period end	5,00,00,000	5,00,00,000
Weighted average Number of Shares outstanding during the period – Basic & Diluted	5,00,00,000	5,00,00,000
Earnings per Share - Basic & Diluted (Rs.)	(0.03)	0.68

Reconciliation of weighted number of outstanding during the period:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Nominal Value of Equity Shares (Rs per share)	10.00	10.00
For Basic EPS :		
Total number of equity shares outstanding at the beginning of the period	5,00,00,000	5,00,00,000
Add : Issue of Equity Shares	-	-
Total number of equity shares outstanding at the end of the period	5,00,00,000	5,00,00,000
Weighted average number of equity shares at the end of the period	5,00,00,000	5,00,00,000

Company has not issued any instrument which will dilute the earnings to equity shareholders, therefore Basic EPS and Diluted EPS both are the same.

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22 **Capital Commitments**

Particulars	As on March 31, 2018	As on March 31, 2017
EPC contract - including Cost Overrun	21,036.71	25,380.73
	21,036.71	**25,380.73**

23 **Contingent Liabilities**

During the previous year, the company had computed interest on bank borrowings as per the contracted rates specified in the Common Loan Agreement (CLA). The lenders had computed and charged interest which is not in line with the CLA. The company had taken up the matter with the lenders and the settlement was pending as on March 31, 2017. The differential amount on this account is Rs Nil (PY: Rs.332.57 Lacs/-) which was disclosed as disputed interest demand.

24 **Disclosure in accordance with Ind AS – 108 "Operating Segments", of the Companies (Indian Accounting Standards) Rules, 2015.**

The Company's operations comprise only a single business and geographical segment, namely 'Infrastructure Development' in 'India'. Further, the Company's operations are within single geographical segment which is India. As such, there is no separate reportable segment under Ind AS - 108 on Operating Segments.

25 **Disclosure in accordance with Ind AS - 24 "Related Party Disclosures", of the Companies (Indian Accounting Standards) Rules, 2015 is provided in Statement 1 to the financials**

26 **Derivative Instruments and Unhedged Foreign Currency Exposure**

There are no derivative instruments outstanding as on March 31, 2018 and as on March 31, 2017. The Company has no foreign currency exposure towards liability outstanding as on March 31, 2018 and as on March 31, 2017.

27 **Significant Accounting judgements, estimates & assumptions**

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

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the separate financial statements.

Taxes

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

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

28 **Financial Instruments**

The carrying value and fair value of financial instruments by categories as at March 31, 2018 and March 31, 2017 is as follows:

Particulars	Carrying value		Fair value	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Financial Assets				
Amortized Cost				
Loans and advances	107.07	87.14	107.07	87.14
Trade receivables	1,24,967.70	1,28,776.79	1,24,967.70	1,28,776.79
Cash and bank balances	1.80	97.70	1.80	97.70
Others	195.88	-	195.88	-
Financial Liabilities				
Amortized cost				
Long term borrowings	95,226.00	1,07,809.25	95,226.00	1,07,809.25
Short term borrowings	10,578.71	651.57	10,578.71	651.57
Trade payable	236.51	1,074.37	236.51	1,074.37
Others	13,364.97	3,823.79	13,364.97	3,823.79

Mumbai

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, book overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

The management assessed that the Long term trade receivable and long term borrowing carried at amortised Cost have the realisability approximately to their carrying value.

29 **Fair value hierarchy**

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

i) **Recognised and measured at fair value**

The Company has recognised outstanding financial instrument as on March 31, 2018 and March 31, 2017 at fair value.

ii) **Measure at amortized cost for which fair value is disclosed.**

The Company has determined fair value of all its financial instruments measured at amortized cost by using Level 3 inputs.

The following methods and assumptions were used to estimate the fair values:

i) Long-term fixed-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

ii) The fair value of loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The valuation requires management to use unobservable inputs in the model, Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

30 **Financial risk management objectives and policies**

The Company is in the business of development, maintenance and operation of road from Patna (Hajipur) to Muzaffarpur in the state of Bihar on Annuity basis. The nature of the business is capital intensive and the Company is exposed to traffic volume risks. BOT projects which the Company undertakes are capital intensive and have gestation periods ranging between 3 to 5 years; coupled with longer ownership periods of 15 to 35 years. Given the nature of the segments in which the company operates, it is critical to have a robust, effective and agile Risk Management Framework to ensure that the Company's operational objectives are met and continues to deliver sustainable business performance.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and interest rate risk, regulatory risk and business risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is interest rate risk.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Business / Market Risk

Since the project is on annuity basis, the biggest business risk is ensuring the concession terms are adequately adhered to and the project is completed as per the business plan to ensure cash flow from annuity is recorded on time.

Input cost risk

Raw materials, such as bitumen, stone aggregates cement and steel, need to be supplied continuously to complete projects undertaken by the group. As mentioned in the earlier paragraph of the business risk and the competition risk the input cost is a major risk to attend to ensure that the Company is able to contain the project cost within the estimate projected to the lenders and the regulators. To mitigate this the company has sub-contracts the construction of the facility at a fixed price contract to various subcontractor within and without the group.

Interest rate sensitivity

Interest cost on borrowings is the single largest cost for the company

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

Particulars	Increase/ Decrease in basis points	Effects on Profit before tax.
		(Rs in Lacs)
March 31, 2018	+100	(1,058.05)
	-100	1,058.05
March 31, 2017		
	+100	(1,084.61)
	-100	1,084.61

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Mumbai

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. In case of the company, the credit risk is minimal as the customer is NHAI, a Government of India Undertaking.

Trade & other Receivables

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs.1,24,967.70 lacs as at March 31, 2018 and Rs.1,28,776.79 lacs as at March 31, 2017 , which is from NHAI, the Government Undertaking Company.

Liquidity risk

The company has outstanding borrowings of Rs. 1,05,804.71 lacs as at March 31, 2018 and Rs 1,08,460.82 lacs as at March 31, 2017.

Timely completion of the project and receipt of annuity payment on time has a major impact on the liquidity of the company. The delay caused due to the grantor and the timely receipt of compensation from the grantor impacts liquidity of the company.

Exchange risk

Since the operations of the company are within the country, the company is not exposed to any exchange risk directly. The company also does not take any foreign currency borrowings to fund its project and therefore the exposure directly to exchange rate changes is minimal.

However there are indirect effects on account of exchange risk changes, as the price of bitumen, which is a by-product of the crude, is dependent upon the landed price of crude in the country.

31 **Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

Particulars	As on March 31, 2018 (Rs.)	As on March 31, 2017 (Rs.)
Long term borrowings including ICD	95,226.00	1,07,809.25
Less: cash and cash equivalents	1.80	97.70
Net debt	95,224.20	1,07,711.55
Equity including reserve	23,535.50	19,198.00
Capital and net debt	1,18,759.70	1,26,909.55
Gearing ratio	80%	85%

In order to achieve this overall objective, the Company capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

32 **Comparative period**

Previous year figures are regrouped / reclassifed wherever necessary.

33 The balance sheet, statement of profit and loss, cash flow statement, statement of changes in equity, statement of significant accounting policies and the other explanatory notes form an integral part of the financial statements of the Company for the year ended March 31, 2018.

As per our report of even date attached
For Natvarlal Vepari & Co
Chartered Accountants
Firm Registration No. 106971W

Ruchi Tamhankar
Partner
M.No.- 136667

Place: Mumbai
Date: June 12, 2018

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors
Patna Highway Projects Limited

Sanjay Chaudhary
Director
DIN: 05157682

Place: Mumbai
Date: June 12, 2018

Poonam Sabnis
Director
DIN: 07706230

Place: Mumbai
Date: June 12, 2018

PATNA HIGHWAY PROJECTS LIMITED
CIN : U74999DL2009PLC197265
STATEMENT I
For the period ended March 31, 2018

Disclosure in accordance with Ind AS - 24 "Related Party Disclosures", of the Companies (Indian Accounting Standards) Rules, 2015

a) **Names of the related parties and related party relationships**
Related parties where control exists :

1. Gammon India Limited	Ultimate holding company (upto September 7, 2017)
2. Gammon Infrastructure Projects Limited	Holding company
3. Pravara Renewable Energy Limited	Fellow subsidiary
4. Sikkim Hydro Power Venture Ltd	Fellow subsidiary

b) **Related party transactions**

Transactions	Rs in lacs
Inter-corporate loan taken	
Gammon Infrastructure Projects Ltd	400.00 (4,000.00)
Inter-corporate loan repaid	
Gammon Infrastructure Projects Ltd	400.00 -
Outstanding loan balances payable	
Gammon Infrastructure Projects Ltd	16,848.12 (16,848.12)
EPC expenditure booked	
Gammon India Limited	- (2,427.85)
Guarantee commission on Corporate Guarantee by:	
Gammon Infrastructure Projects Ltd	542.35 (530.54)
Expenses Incurred by the company on behalf of:	
Gammon Infrastructure Projects Ltd	2,847.00 (100.50)
Pravara Renewable Energy Ltd	20.00 (53.00)
Sikkim Hydro Power Venture Ltd	- (17.65)
Expenses incurred on behalf of the company by:	
Gammon Infrastructure Projects Ltd Paid	2,241.08 (201.25)
Operation & Maintenance expenses incurred during the year	
Gammon Infrastructure Projects Ltd Paid	1,728.07 -
Payments against Operation & Maintenance expenses	
Gammon Infrastructure Projects Ltd Paid	966.69 -
Operation & Maintenance advance outstanding	
Gammon Infrastructure Projects Ltd	460.60 (1,221.98)
Outstanding balances payable	
Gammon India Limited	- (904.30)
Gammon Infrastructure Projects Ltd	- (411.87)
Outstanding interest payable	
Gammon Infrastructure Projects Ltd	- (19.33)
Outstanding Balances Receivable	
Gammon Infrastructure Projects Ltd	194.06 -
Pravara Renewable Energy Ltd	73.00 (53.00)
Sikkim Hydro Power Venture Ltd	17.65 (17.65)
Guarantee Given	
Gammon Infrastructure Projects Ltd	1,08,576.39 (1,11,146.10)

(Previous year's figure in brackets)

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS Mumbai