



Independent Auditor's Report

**To the Members of
ARSS Damoh Hirapur Tolls Private Limited**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ARSS Damoh Hirapur Tolls Private Limited** ('the Company'), which comprise the balance sheet as at 31 March 2016 and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

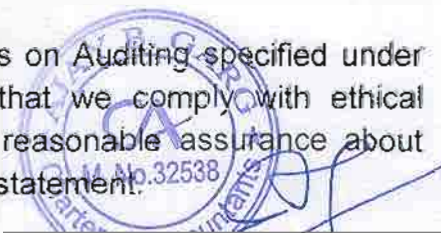
Management's Responsibility for the Standalone Financial Statements

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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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





AJAY B GARG

CHARTERED ACCOUNTANT

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accountings estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

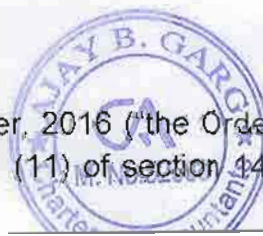
1. With reference to para 10 of Notes to Accounts, status of rights and title on the Capital work in progress valued at Rs.105.68 Crores has neither been ascertained nor the effect of the same has been accounted for in the financial statements.
2. With reference to para 11 of Notes to Accounts, in absence of details of physical verification of Capital Work in Progress, discrepancies, if any, between book and physical balance could not be ascertained including effect of the same in the financial statements
3. With reference to para 3 of Notes to Accounts, interest on Loan from Banks of Rs.73.06 Crores has neither been ascertained nor the effect of the same has been accounted for in the financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matter described in sub para 1, 2 and 3 in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its cash flows for the year ended on that date

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 443 of the Act,





AJAY B. GARG
CHARTERED ACCOUNTANT

we give in the 'Annexure-A' a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

(a) we have sought and, except for the matter described in sub-paragraph 1, 2 and 3 of Basis of Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.

(b) in our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) the balance sheet, and the cash flow statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, except for the effects of the matter described in Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B".

(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. The Company has disclosed the impact of pending litigations on its financial position in its financial statements, Refer Note No.10 to the financial statements;

ii. the Company did not have any Long term contract including derivatives contract as such the question of commenting on any material foreseeable losses thereon does not arise.





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iii. There has been not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For Ajay B Garg
Chartered Accountant

A Garg
Proprietor
Mem No 32538

Place of Signature: Mumbai

Dated : 1st September, 2016





AJAY B 'GARG

CHARTERED ACCOUNTANT

'Annexure – A' to the Independent Auditors' Report of M/s. ARSS Damoh Hirapur Tolls Private Limited

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2016, we report that:

- (i) The Company has no fixed assets hence provision of Paragraph 3 (i) of the order is not applicable to the company
- (ii) The Company has no inventories hence provision of paragraph 3 (ii) of the order is not applicable to the company.
- (iii) The Company has not granted loans to bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order 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 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- (v) The Company has not accepted any deposits from the public and hence the paragraph (v) of the Order relating to directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014 or any rules framed there under with regard to the deposits accepted from the public are not applicable to the company. Accordingly we have not commented upon the paragraph 3(v) of the Order.
- (vi) Pursuant to the Companies (Cost records and audit) Rules 2014 and as prescribed by the Central Government under section 148(1) of the Act, we are of the opinion that prima-facie, the provision of maintenance of prescribed accounts and cost records are not been applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, duty of excise, service tax, duty of customs, employees' state insurance , value added tax, cess and other material statutory dues have been regularly deposited with few delay in some cases during the year by the Company with the appropriate authorities except TDS of



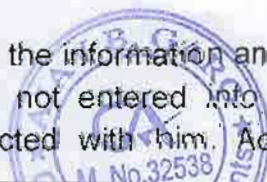
AJAY B' GARG

CHARTERED ACCOUNTANT

Rs.105.50 Lakhs which was in arrears as at 31 March 2016 for a period of more than six months from the date they became payable

(b) According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.

- (viii) Based on our Audit procedures and according to information and explanation given to us, the Company has defaulted during the whole year from April 2015 to March 2016 in payment of dues to banks which is overdue excluding interest thereon as at 31st March 2016 amounting to Rs.6.98 Crores.
- (ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments. The term loans have been applied for the purpose for which they were obtained.
- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of paragraph 3(xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of paragraph 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly the





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provisions of paragraph 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

(xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of paragraph 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Ajay B Garg
Chartered Accountant



A Garg
Mem No: 032538



Place : Mumbai

Dated : 1st September, 2016.



'Annexure – B' to the Independent Auditor's Report of M/s. ARSS Damoh Hirapur Tolls Private Limited

[Referred to in paragraph 2(g) under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2016.]

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

We have audited the internal financial controls over financial reporting of **M/s. ARSS Damoh Hirapur Tolls Private Limited** ('the Company'), as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

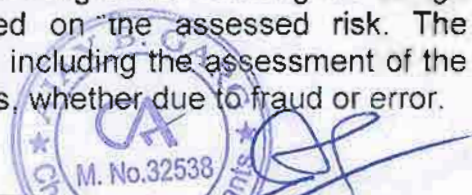
Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.





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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 Ajay B Garg
Chartered Accountant



Place : Mumbai
Dated : 1st September, 2016.

ARSS Damoh Hirapur Tolls Private Limited

Balance Sheet as at 31st March

	Notes	2016 ₹	2015 ₹
EQUITY AND LIABILITIES			
I Shareholders' Funds			
Share Capital	1	221,207,300	148,000,000
		221,207,300	148,000,000
II Share Application Money Pending Allotment	2	-	73,207,309
III Non Current Liabilities			
Long Term Borrowings	3	660,994,144	730,594,144
IV Current Liabilities			
a) Short Term Borrowings	4	39,870,676	39,870,676
b) Trade Payables	5	56,269,725	55,631,922
b) Other Current Liabilities	6	80,246,096	10,617,346
		176,386,497	106,119,944
TOTAL		1,058,587,941	1,057,921,397

ASSETS

V Non-current Assets			
a) Capital Work - In - Progress	7	1,056,830,988	1,056,802,238
b) Other non- current assets	8	1,504,913	867,110
		1,058,335,901	1,057,669,348
VI Current Assets			
a) Cash and Cash Equivalents	9	252,040	252,049
		252,040	252,049
TOTAL		1,058,587,941	1,057,921,397

VII Significant accounting policies

A

VIII Notes on Financial Statements

B

As per our report of even date

For Ajay B Garg
Chartered Accountants

ARSS Damoh Hirapur Tolls Private Limited
For and on behalf of the Board of Directors

CA Ajay Garg

Proprietor

M. No. 032538

Place : Mumbai

Date : 1st day of September 2016



(Sunil Agarwal)
Director

(S.K. Pattanaik)
Director

S. K. Pattanaik

A. SIGNIFICANT ACCOUNTING POLICIES.

1. Corporate Information

ARSS Damoh- Hirapur Tolls Private Limited (the company) is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is yet to start its commercial operation.

2. Basis of Preparation

The financial statements are prepared on an accrual basis and under the historical cost convention in accordance with generally accepted accounting principles in India [Indian GAAP]. The Company has prepared these financial statements to comply in all material respects with the accounting standards issued by the Institute of Chartered Accountants of India, as applicable and notified and prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified)

The accounting policies adopted in the preparation of financials statements are consistent with those of previous year.

3. Summary of Significant Accounting Policies

a. Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in India, Management is required to make estimates and assumption that affect the reported amounts of assets and liabilities as at the date of the financial statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognized in the period the same is determined.

b. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time the asset is ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

c. Investments

Investments are carried at cost net of adjustments for the company's share in profits or losses as recognized.

d. Employee Benefits

i) Defined contribution plans

Contributions paid/payable to defined contribution plans comprising of provident fund is recognized as expenses during the period in which the employees perform the services that the payments cover.



The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

ii) Defined benefit plan

Gratuity for employees is covered under a scheme of SBI Life Insurance and contributions in respect of such scheme are recognized in the Profit and Loss Account. The liability as at the Balance Sheet date is provided for based on the actuarial valuation, at the Balance Sheet date, carried out by an independent actuary. Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognized immediately in the Profit and Loss account as income or expense.

iii) Short term employee benefits

Short term employee benefits including compensated absences as at the Balance Sheet date are recognized as an expense as per the Company's schemes based on the expected obligation on an undiscounted basis.



B. Notes to financial statements for the year ended 31st March

1. Share Capital

Authorized shares :

2,25,00,000

Equity shares of Rs.10/- each

2016

₹

2015

₹

225,000,000

150,000,000

Issued , Subscribed & Fully Paid up Shares

2,21,20,730 Equity shares

of Rs.10/- each fully paid up

221,207,300

148,000,000

Total Issued, Subscribed and fully paid up Share Capital

221,207,300

148,000,000

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

A. Equity Shares:

	31st March 2016		31st March 2015	
	No. of Shares	in Rs.	No. of Shares	in Rs.
At the beginning of the Period	14,800,000	148,000,000	14,800,000	148,000,000
Issued during the peirod	7,320,730	73,207,300	-	-
Outstanding at the end of the period	22,120,730	221,207,300	14,800,000	148,000,000

b. Terms/right 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.

During the year ended 31 March 2016, no amount of dividend was recognised as distributions to equity shareholders.

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

c. Details of shareholders holding more than 5% shares in the company

	31st March 2016		31st March 2015	
	No. of Shares	% Holding in the Class	No. of Shares	% Holding in the Class
Equity shares of Rs. 10/- each fully paid				
ARSS Infrastructure Projects Limited	22,080,730	99.82%	14,760,000	99.73%
	22,080,730	99.82%	14,760,000	99.73%

2. Share Application Money pending allotment

Share Application Money

-

73,207,309

-

73,207,309



3. Long-term borrowings

	Non-Current Portion		Current Portion	
	31st March 2016 (in Rupees)	31st March 2015 (in Rupees)	31st March 2016 (in Rupees)	31st March 2015 (in Rupees)
Term loans				
From banks	660,994,144	730,594,144	69,600,000	-
	<u>660,994,144</u>	<u>730,594,144</u>	<u>69,600,000</u>	<u>-</u>

Indian rupee loan from bank carries interest @ 14.25% p.a. The loan is repayable in 36 quarterly instalments starting from 2 years from the date of COD i.e. the first date of installment due on January 2016. The above loan is secured by way of assignment/ security interest on the companies rights under the concessions agreement, project documents, contracts and all licences, permits, approvals, consents and insurance policies in respect of the project of two laning of Damoh Hirapur Road. The said loan is backed by personal guarantee of directors and parent company.

The above loan has been classified as NPA as on 31.03.2015 by the bankers.

4. Short-term borrowings

Inter Corporate Deposits	39,870,676	39,870,676
Interest free loan and advances repayable on demand(Unsecured)	-	-
	<u>39,870,676</u>	<u>39,870,676</u>

5. Trade Payables

Sundry Creditors for Trade	56,269,725	55,631,922
	<u>56,269,725</u>	<u>55,631,922</u>

6. Other current liabilities

Current maturities of Long Term borrowings	69,600,000	-
Audit Fees payable	96,412	67,662
TDS Payable	10,549,684	10,549,684
	<u>80,246,096</u>	<u>10,617,346</u>

7. Capital Work in Progress

Capital WIP	1,056,802,238	560,119,015
ADD: During the year	28,750	496,683,223
	<u>1,056,830,988</u>	<u>1,056,802,238</u>

8. Other Non-Current Assets

Unamortized expenditure		
Preliminary Expenses to the extent not written off or adjusted	1,504,913	867,110
	<u>1,504,913</u>	<u>867,110</u>



9. Cash and Cash equivalents

Balances with banks:
On current accounts
Cash in hand

2016	2015
₹	₹
14,987	14,987
237,053	237,062
252,040	252,049

10. The Contract for " Strengthening, Widening, Maintaining and operating of Damoh-Bhatiagarh-Baxwaha-Hirapur Road on BOT Basis" with Madhya Pradesh Road Development Corporation Limited (MPRDCL) has been terminated by the contractee on 20.05.2013. The Company has disputed the above termination and a claim has been raised on MPRDCL for Rs. 2,804.87 Crores which however has not been accounted for.
11. Capital Work in Progress have been visually estimated and valued by site in charge as on 31.03.2016 and the same has been considered in the accounts.
12. Performance Bank Guarantee provided by the EPC Contractor "ARSS Infrastructure Projects Limited" of Rs. 6.14 Cr has been invoked, which however has not been accounted for.
13. The term loan availed by the company for the BOOT project has been classified as NPA by the bankers of the company and unrealised interest has been reversed. However the company has not been provided for the interest on due basis for the whole year.
14. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006.
The Company has not received any intimation from suppliers regarding their status under micro, small and medium enterprises Development Act 2006 and hence disclosure if any relating to amount unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.
15. Statement of Profit and Loss has not been prepared as no operating activity carried out by the company during the year
16. The figures for the the previous year are regrouped / reclassified wherever necessary to make them comparable with that of Current Year

For Ajay B Garg
Chartered Accountants



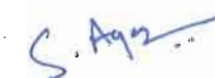
CA Ajay Garg
Proprietor
M. No. 032538

Place : Mumbai

Date : 1st day of September 2016



ARSS Damoh Hirapur Tolls Private Limited
For and on behalf of the Board of Directors



(Sunil Agarwal)
Director



(S.K. Pattanaik)
Director