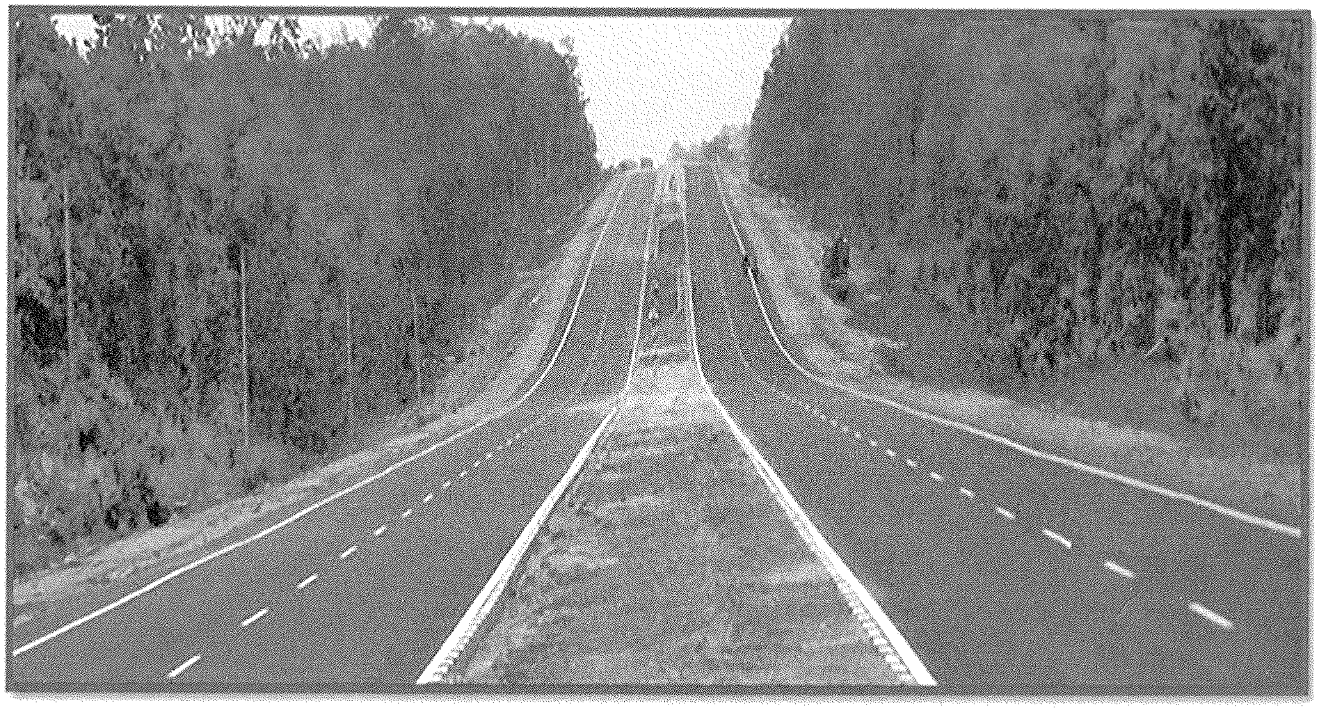
GAYATRI

SAI MAATARINI TOLLWAYS LIMITED

8TH ANNUAL REPORT 2018-19



Four-Laning of Panikoili-Rimuli Section of NH-215 from Km. 0.00 to Km. 163.00 (Design Length 166.173) in the State of Odisha under NHDP Phase – III as BOT (Toll) basis on DBFOT Pattern.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. T. RAJIV REDDY	Managing Director
Mr. T.V. SANDEEP KUMAR REDDY	Director
Ms. T. INDIRA SUBBARAMI REDDY	Director
Ms. T. SARITA REDDY	Director
Mr. CH. HARIVITHAL RAO	Independent Director
Mr. M. V. NARASIMHA RAO	Independent Director

KEY MANAGERIAL PERSONNEL (KMP)

Ms. J.RADHA SUPRIYA	Company Secretary
Mr. K. VIJAY KUMAR	Chief Financial Officer

AUDIT COMMITTEE

Mr. CH. HARIVITHAL RAO	Chairman
Mr. T.V SANDEEP KUMARREDDY	Member
Mr. M.V. NARASIMHA RAO	Member

NOMINATION AND REMUNERATION COMMITTEE

Mr. CH. HARIVITHAL RAO	Chairman
Mr. T.V SANDEEP KUMARREDDY	Member
Mr. M.V. NARASIMHA RAO	Member

STATUTORY AUDITORS

M/s. M. BHASKARA RAO & CO.
Chartered Accountants
5-D, Fifth Floor, 'Kautilya',
6-3-652, Somajiguda
Hyderabad – 500 082, Telangana.

COST AUDITORS

M/s. DZR & Co
Cost and Management Accountants
104, Praveen Residency,
H.No: 2-2-14/2/104, DD Colony,
Hyderabad-500 007, Telangana.

REGISTERED & CORPORATE OFFICE

6-3-1090, B-1,
TSR Towers, Rajbhavan Road,
Somajiguda,
Hyderabad – 500 082, Telangana.
Corporate Identification No. U45400TG2011PLC076396

REGISTRAR AND TRANSFER AGENT

M/s. BIGSHARE SERVICES PVT. LTD.
Branch Office: 306, Right Wing, Amrutha Ville,
Opp, Yashoda Hospital, Rajbhavan Road,
Somajiguda, Hyderabad - 500082,
Telangana.
E Mail: bsshyd@bigshareonline.com
Tel: 040- 23374967

PROJECT LENDERS

IDBI Bank Limited, Mumbai
Oriental Bank of Commerce, Hyderabad
Bank of India, Mumbai
Indian Overseas Bank, Hyderabad
Andhra Bank, Hyderabad
Canara Bank, Secunderabad
India Infrastructure Finance Co. Ltd., New Delhi
Life Insurance Corporation of India, Mumbai
Central Bank of India, Hyderabad

CONCESSIONING AUTHORITY

NATIONAL HIGHWAYS AUTHORITY OF INDIA
G – 5 & 6, Sector – 10,
Dwarka, New Delhi – 110 075

BOARD'S REPORT

To

The Members,

Your Directors have immense pleasure in presenting the 8th Annual Report of your Company and the Audited Financial Statements for the year ended 31st March, 2019.

1. FINANCIAL SUMMARY:

The following table depicts the financial results of your Company for the year ending 31st March 2019:

S. No.	Particulars	31st March 2019 (Rs. in lac)	31st March 2018 (Rs. in lac)
1	Revenue from Operations	5,511.73	2,692.03
2	Construction Revenue	-	1,8491.99
3	**TOTAL INCOME :: A**	**5,511.73**	**21,184.02**
4	Construction Expenses	-	18,491.99
5	Employee benefits expense	74.15	37.84
6	Depreciation and amortization expense	850.00	391.71
7	Finance costs	21,452.55	10,651.60
8	Toll Plaza Admin Expenses	894.82	583.90
8	Other expenses	222.95	37.61
9	**TOTAL EXPENDITURE :: B**	**23,494.47**	**30,194.65**
10	**LOSS BEFORE TAX**	(17,982.74)	(9,010.63)
11	Less: Current Tax	-	-
12	**LOSS FOR THE YEAR**	(17,982.74)	(9,010.63)

SPECIAL PURPOSE VEHICLE:

Your Company is a Special Purpose Vehicle (SPV) formed for the purpose of execution of the project "Four Laning of Panikoili-Rimuli section of NH-215 from KM 0.00 to KM 163.00 (Design Length 166.173 KM) in the State of Odisha under NHDP Phase-III as BOT (Toll) basis on DBFOT pattern." The Company has entered into a Concession Agreement on 28th September 2011 with National Highways Authority of India (NHAI), which specifies a Concession period of 24 years, out of which 2.50 years is the construction period and 21.50 years is the Operations & Maintenance period.

1. PROVISIONAL COMPLETION CERTIFICATE AND TOLL COLLECTION:

The members are already aware that your Company has achieved the Provisional Completion Certificate on 8th August 2017 and has commenced toll collection from the public, effective from 17th August 2017. Out of the total project stretch of around 166.173 kms your Company has achieved COD for 145.123 kms and the pending works are carried out on the balance stretch of the Road.

The Toll Collections for the Financial Year 2018-19 vis-à-vis 2017-18 is tabulated below:

S. No.	Particulars	Toll Collections (01.04.2018 to 31.03.2019) (Rs. in Cr)	Toll Collections (17.08.2017 to 31.03.2018) (Rs. in Cr)
1	Toll Plaza-1	17.51	9.24
2	Toll Plaza-2	9.91	5.17
3	Toll Plaza-3	27.70	12.51
	Total	**55.12**	**26.92**

2. REVIEW OF PROGRESS OF EPC WORKS

The following table shows the Total Project Cost and the Means of Finance, as finalized between the Company and the Lenders:

₹ in Crores

S. No.	Total Project Cost	Amount	Means of Finance	Amount
1	EPC Cost	2,020.00	Equity/Quasi-Equity	360.32
2	Interest During Construction	197.65	Grant from NHAI	548.49
3	Preliminary & Pre-operative Expenses	82.90	Term Loan	1,397.35
4	Contingency	5.61		
	Total	2,306.16	Total	2,306.16

3. TERM LOANS:

The following table shows the amount of Loan disbursement made by the lenders and Loan outstanding as on 31st March, 2019:

₹ in Crores

S. No.	Name of the Lender	Term Loan sanctioned	Term Loan disbursed	Term Loan Repayment	Term Loan Outstanding	Interest Outstanding	Total Outstanding
		A	B	C	D=B-C	E	F=D+E
1	IDBI Bank	350.00	346.83	-	346.83	6,025.84	40,708.84
2	Andhra Bank	97.35	97.35	0.10	97.25	1,687.30	11,412.57
3	Bank of India	200.00	200.00	0.20	199.80	3,461.63	23,441.63
4	Canara Bank	150.00	148.66	0.15	148.51	2,555.23	17,406.23

5	Central Bank of India	100.00	99.94	0.10	99.84	1,736.06	11,720.34
6	IOB	100.00	100.00	-	100.00	1,737.94	11,737.94
7	OBC	100.00	100.00	0.10	99.90	1,732.32	11,722.32
8	LIC of India	100.00	99.10	-	99.10	1,727.64	11,637.64
9	IIFCL	200.00	199.31	-	199.31	3,463.98	23,394.98
	TOTAL	**1397.35**	**1391.19**	**0.65**	**1390.54**	**24,127.94**	**1,63,182.48**

4. GRANT

During the year, your Company has not received any Tranche of Grants from NHAI.

The details of Grant received by your Company up to 31st March 2019 are tabulated below:

S. No.	Particulars	Amount (Rs. in Cr.)
1	Total Grant to be Received	548.49
2	Total Grant Received till 31.03.2019	540.29
3	**Balance Grant To be Received**	**8.20**

2. FUTURE OUTLOOK

The average toll collections during the year are only around Rs.15 lakhs per day, which is 1/4th of the envisaged toll collections, and the Toll collections from last few months has been increased to Rs.20 lakhs per day, still such growth in Toll collections does not enable the company to service the debt obligations. The Physical progress of the project is 94.5% up to March'2019 and the balance work to be completed is around 09.13 kms. The Company's request for extension of time (EOT) up to May 31,2019 for completion of project has been recommended by PD, Keonjhar and RO, Bhubaneswar to HO, NHAI. Proposal for OTF to the tune of Rs.117.69 crores has been recommended by the Regional Office, Bhubaneswar to NHAI HO, New Delhi vide its letter no 554/2018 dated 06.03.2018. There is no response from NHAI, HO regarding the release of OTF. The company has also requested NHAI for Revenue shortfall Loan for Rs.162.67 Crores as per Article 28 of the Concession Agreement vide the company's letter no 1026 dated 17.12.2018. There is also no response from NHAI regarding the release of Revenue Shortfall loan.

All mining activities in the vicinity of the Project Highway have come to a complete halt pursuant to the Hon'ble Supreme Court's judgment in the case of Common Cause v. Union of India and Ors, pronounced on 02.08.2017. At the time of bidding for the Project, approximately 70 mining leases were operational along the Project Highway. As a consequence of the embargo imposed by the Hon'ble Supreme Court, the number of operational mining leases has dropped drastically. As a consequence, the volume of traffic plying on the Project Highway has drastically reduced which has severely impacted the toll revenue collections.

The manner in which the Apex Court applied the extant laws to ban mining operations along the Project Highway falls within the ambit of "Change in Law", the consequences of which cannot be effectively addressed within the

The manner in which the Apex Court applied the extant laws to ban mining operations along the Project Highway falls within the ambit of "Change in Law", the consequences of which cannot be effectively addressed within the scheme of the Concession Agreement. Within a period of merely 20 months from the date the tolling operations commenced i.e. 17.08.2017 to 31.03.2019, the company has already incurred a huge loss. The extent of losses will only increase with the passage of time, leaving no alternative to even recover the investments made by us in the Project; leave alone realizing any profit thereon, the same clearly falls within the ambit of a Political Event (Force Majeure) as defined in the Concession Agreement.
In such circumstances, as per the Concessionaire Agreement, the Concessionaire can terminate the Concession Agreement under the 'Political event' of the 'force majeure' clause as a "termination event" due to subsistence of force majeure situation continuing to about one year and more and is also entitled to 'termination payment'.

As per the Legal Opinion obtained by the company, the company informed all the lenders its Intention to Terminate the concession agreement with the NHAI in the Lender's Consortium meeting held on 18th December 2018. The company has issued a notice of ***"Intention to Terminate the Concession Agreement on account of, inter-alia, irreparable loss of toll revenue due to reasons not attributable to the Concessionaire- Force Majeure (Political Event)"*** to NHAI for termination of contract vide our letter no. 1035 dated on 09th March, 2019.As per the clause 37.1.2 of the Concession agreement, after the expiry of 15 days from the date of issue of notice for "Intention to Terminate", the Company can issue the "Termination Notice". As such after expiry of 15 days, the Company has issued ***"Termination Notice for Force Majeure (Political Event)"*** on 27th March, 2019.

"If Termination is on account of a Political Event, the Authority shall make a Termination Payment to the Concessionaire in an amount that would be payable under Clause 37.3.2 as if it were an Authority Default."
"Clause 37.3.2 Upon Termination on account of an Authority Default, the Authority shall pay to the Concessionaire, by way of Termination Payment, an amount equal to:

(a) Debt Due; and
(b) 150% (one hundred and fifty per cent) of the Adjusted Equity."

As per the Clause 37.3.2 The Termination Payment payable to smtl by the Authority aggregates to Rs. 2,481.70 Cr which includes 1,572.05 cr to all the Lenders and 909.65 cr to the Sponsor's.

SMTL right to recover Termination Payment is without prejudice to recover the losses suffered by us on account of the time overrun in the commercial operations of the Project Highway.

SMTL has submitted the Escalation Cost claims amounting of Rs. 974.50 Cr to NHAI, stating ***"Concessionaire's right to recover losses/damages from the Authority on account of material defaults of the Authority"*** vide its letter no 1037 dated 13.03.2019. The defaults were of such magnitude that the entire project completion schedule was disturbed beyond repair. This can be established from the following facts:

a. **Realignment of the stretch from Km 34.00 to Km. 36.00:** The land for taking up the work of realignment and the Major Bridge was formally handed over by the Authority as late as in November 2016'. However, given the public angst, and the threat that was looming large on the Concessionaire's staff working at the Project Site, the work could not be taken up till December 20.16. It was only after the Concessionaire, with the help of the Authority's representatives, pacified the local public, could the constructions works actually start. Given the kind of civil construction involved in this work, the least that any civil construction company would have taken to complete the same would have been no less than l9-20 months (considering the intervening monsoon seasons).

b. **Government and religious structure:** Till as late as in August 2017, "the Government buildings at certain locations of the Project Stretch were not relocated. The Authority barely did anything to ensure that the said buildings were evacuated or shifted in a timely. As a result, the Concessionaire could not take up construction of service roads and shoulders at Such stretches despite having completed the main carriageway.

c. **Additional land for Project Facilities:** The 3A Gazette Notifications in relation to lands for missing bits, additional land for Project Facilities etc were published as late as in February 2016. The 3D notifications in relation to the same. Were published one year thereafter, i.e. February 2017. Notably however, the Authority had failed to prepare the Compensation estimates in relation to the said land even as of this date.

d. **Hindrances:** The land which the Authority had otherwise formally handed over to the Concessionaire was yet to be hindrance-free at all locations till as late as in early-mid 2017.

3. EXTRACT OF ANNUAL RETURN

The Extracts of Annual Return is prepared in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 and the same is enclosed as **Annexure-1.**

4. BOARD MEETINGS

During the year ended 31st March, 2019, Four Board Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The dates on which the Board meetings were held are 21st May 2018, 28th August, 2018, 6th December 2018 and 26th March 2019.

Attendance of Directors at the meetings:

The details of the attendance of the Directors at the Board meetings held during the year ended 31st March, 2019.

Name of the Director	Number of Board Meetings	
	Held	Attended
T. Rajiv Reddy	4	3
T.V. Sandeep Kumar Reddy	4	4
T. Indira Reddy	4	4
T. Sarita Reddy	4	4
Ch. Harivithal Rao	4	4
M.V. Narasimha Rao	4	2

Audit Committee Meetings

During the year ended 31st March, 2019, two Audit Committee Meetings was convened and held. The date on which the Audit Committee meetings were held is 21st May, 2018 and 12th March, 2019.

Attendance of Directors at the meetings:

The details of the attendance of the Directors at the Audit Committee meetings held during the year ended 31st March, 2019.

Name of the Director	Number of Audit Committee Meetings	
	Held	Attended
M.V. Narasimha Rao	2	1
Ch. Harivithal Rao	2	2
T.V. Sandeep Kumar Reddy	2	2

5. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

a. that in the preparation of the annual financial statements for the year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
b. that such accounting policies and applied them consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit of the Company for the year ended on that date;
c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
d. that the annual financial statements have been prepared on a going concern basis;

e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.

f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. K. Vijay Kumar was appointed as Chief Financial officer (CFO) of the Company with effect from 28th August, 2018.
Mr. Ch. Harivithal Rao was re-appointed as Independent Director for the second term for a period of five years with effect from 2nd March, 2019.
Ms. J. Radha Supriya, an associate member of the Institute of Company Secretaries of India was appointed as Company Secretary of the Company with effect from 1st April, 2019.

During the year there are no other changes in the Board of Directors.

7. DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors have submitted the declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section(6).

8. RE-APPOINTMENTS

Mr. T. Rajiv Reddy Director of the Company who retires by rotation and being eligible, offers himself for re-appointment.

9. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration (N&R) Committee discusses and decides the appointment of the Board of Directors and their remuneration.

The Committee headed by Mr. Ch. Harivithal Rao as a Chairman and Mr. T.V. Sandeep Kumar Reddy and Mr. M.V. Narasimha Rao, members of the Committee.

The Committee meetings are held as and when required by the Company.

10. AUDITORS REPORT

There are no qualifications in the Auditors Report.

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are Nil.

12. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with the related parties referred to in Section 188 in the Form **AOC – 2** is annexed herewith as **Annexure-2**.

13. TRANSFER OF AMOUNT TO RESERVES

The Company does not propose to transfer any amount to the general reserve for the Financial Year ended 31st March, 2019.

14. DIVIDEND

The Board of Directors does not recommend any dividend on the Equity Shares for the financial year ended 31st March, 2019.

15. MATERIAL CHANGES AND COMMITMENTS

There has been no material change and commitments 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.

There has been no change in the nature of business of the Company.

16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information relating to Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014 is Nil.

17. STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY

At this juncture, the only target of your Company is to complete the execution of Project Highway in accordance with the Concession Agreement. In this direction, your Company has, at the project site, implemented a policy to identify and if necessary, to correct major risks pertaining to execution/implementation of the project, as the expenditure being incurred by the Company majorly consists of EPC Work. The Company has appointed a Project Monitoring team to oversee the project and also to co-ordinate with various Government/Non-Government authorities. Apart from this, an independent agency has been appointed to certify the monthly EPC Bills of the project before release of the same to the EPC Contractor, thereby significantly reducing the risk involved in release of funds, which are obtained by the Company by way of Term Loan installments and Grant from NHAI.

The company has issued a notice of ***"Intention to Terminate the Concession Agreement on account of, inter-alia, irreparable loss of toll revenue due to reasons not attributable to the Concessionaire-Force Majeure (Political Event)"*** to NHAI for termination of contract vide our letter no. 1035 dated on 09th March, 2019.As per the clause 37.1.2 of the Concession agreement, after the expiry of 15 days from the date of issue of notice for "Intention to Terminate", the Company can issue the "Termination Notice". As such after expiry of 15 days, the Company has issued "***Termination Notice for Force Majeure (Political Event)"*** on 27th March, 2019.

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c. **Additional land for Project Facilities:** The 3A Gazette Notifications in relation to lands for missing bits, additional land for Project Facilities etc were published as late as in February 2016. The 3D notifications in relation to the same. Were published one year thereafter ,i.e. February 2017. Notably however, the Authority had failed to prepare the Compensation estimates in relation to the said land even as of this date.

d. **Hindrances:** The land which the Authority had otherwise formally handed over to the Concessionaire, was yet to be hindrance-free at all locations till as late as in early-mid 2017.

18. POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON CORPORATE SOCIAL RESPONSIBILITY INITIATIVES TAKEN DURING THE YEAR

The policy developed and implemented by the Company on Corporate Social Responsibility initiatives taken during the year is Nil as the relevant provisions of the Companies Act, 2013 in this regard are not applicable to the Company.

19. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

20. SUBSIDIARY COMPANIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATE COMPANIES

During the Financial Year ending on 31st March 2019, your Company had no subsidiaries and associate companies.

The names of companies which have become or ceased to be Company's Subsidiaries, joint ventures or associate companies during the year

During the Financial Year, no company is ceased as Company's Subsidiary, joint venture or associate company.

21. CONSOLIDATED FINANCIAL STATEMENTS

As the Company does not have any subsidiary or associate companies, the Consolidated Financial Statements are not applicable.

22. STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ASSOCIATE COMPANIES/ JOINT VENTURES

As the Company does not have any subsidiary or associate companies, the statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures is not applicable.

23. DEPOSITS

The Company has not accepted any deposits from the public in terms of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

24. 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.

25. STATUTORY AUDITORS

At the Annual General Meeting held on 29th September, 2016, M/s M. Bhaskara Rao & Co., Chartered Accountants, Hyderabad bearing ICAI Regn. No. 000459S, were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2021.

26. COST AUDITOR

M/s. DZR & Co, Cost and Management Accountants were appointed as Cost Auditor to audit the cost records of the Company for the financial year 2018-19.

27. SECRETARIAL AUDIT

As per Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended 31st March, 2019.

Your Company being a material subsidiary of the listed Company i.e. Gayatri Highways Limited, hence the Company has appointed Mr. C.N. Kranthi Kumar, Practicing Company Secretary, as a Secretarial Auditor for the Financial Year 2018-19 to comply with the Regulation 24A of SEBI (LODR) Regulations, 2015.

Secretarial Audit Report issued by the Mr. C.N. Kranthi Kumar, Practising Company Secretary is attached as **Annexure-3**.

28. PARTICULARS OF EMPLOYEES

There are no employees who come under the purview of Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

29. VIGIL MECHANISM

The Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. The details of the Vigil Mechanism Policy are available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company.

30. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Your Company has ensured that appropriate policies and procedures are adopted for ensuring orderly and efficient conduct of the business, including adherence to Company's policies, the safeguarding of its assets, prevention and detection of fraud and error, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information.

31. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company lays emphasis on competence and commitment of its human capital recognizing its pivotal role for organizational growth.

During the year, the Company maintained a record of peaceful employee relations. Your Directors wish to place on record their appreciation for the commitment shown by the employees throughout the year.

32. ACKNOWLEDGEMENTS

Your Directors express their appreciation to the Company's Bankers, Statutory Auditors, Customers, Consultants and Members for their constant help, co-operation and support.

For and on behalf of the Board
Sai Maatarini Tollways Limited

Place: **Hyderabad**	**T. Rajiv Reddy**	**T.V. Sandeep Kumar Reddy**
Date: **22nd May, 2019**	**Managing Director**	**Director**
	DIN:06859435	**DIN:00005573**

Annexure-1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended 31.03.2019
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:	
CIN	U45400TG2011PLC076396
Registration Date	08/09/2011
Name of the Company	SAI MAATARINI TOLLWAYS LIMITED
Category / Sub-Category of the Company	Company Limited by Shares/ Indian Non Government Company
Address of the Registered Office and contact details	6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad - 500082, Telangana. E Mail:ghl@gayatrihgihways.com Tel: 040-23310330
Whether listed company	Unlisted
Name, address and contact details of Registrar and Transfer Agent, if any	M/s. BIGSHARE SERVICES PVT. LTD. Branch Office: 306, Right Wing, Amrutha Ville, Opp, Yasodha Hospital, Rajbhavan Road, Somajiguda, Hyderabad - 500082, Telangana. E Mail: bsshyd@bigshareonline.com, Tel: 040- 23374967

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 and Description of main products / services**	**NIC Code of the Product/ service**	**% to total turnover of the company**
1	Construction of Roads	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -					
Sl. No.	**Name and address of the Company**	**CIN/GLN**	**Holding/ Subsidiary/ Associate**	**% of shares held**	**Applicable Section**
1	Gayatri Highways Limited 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad- 500082.	L45100TG2006PLC052146	Holding	100	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)									
i) Category-wise Share Holding									
Category of Shareholders	**No. of Shares held at the beginning of the year**				**No. of Shares held at the end of the year**				**% Change during the year**
	Demat	**Physical**	**Total**	**% of total Shares**	**Demat**	**Physical**	**Total**	**% of total Shares**	
A. Promoters									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	1,00,00,837	6	1,00,00,843	100	1,00,00,837	6	1,00,00,843	100	0
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	**1,00,00,837**	**6**	**1,00,00,843**	**100**	**1,00,00,837**	**6**	**1,00,00,843**	**100**	**0**
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	**1,00,00,837**	**6**	**1,00,00,843**	**100**	**1,00,00,837**	**6**	**1,00,00,843**	**100**	**0**
B. Public Shareholding									
(1) Institutions									
-a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-

g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1,00,00,837**	**6**	**1,00,00,843**	**100**	**1,00,00,837**	**6**	**1,00,00,843**	**100**	**0**

ii) Shareholding of Promoters

S. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	Gayatri Highways Limited	1,00,00,837	99.99994	100	1,00,00,837	99.99994	100	-
2	Mr. T. V. Sandeep Kumar Reddy (Nominee of M/s. Gayatri Highways Limited)	1	0.002	-	1	0.002	-	-
3	Mr. K. G. Naidu (Nominee of Gayatri Highways Limited)	1	0.002	-	1	0.002	-	-
4	Ramamohanraju Chinda (Nominee of Gayatri Highways Limited)	1	0.002	-	1	0.002	-	-
5	P. Purnachander Rao (Nominee of Gayatri Highways Limited)	1	0.002	-	1	0.002	-	-
6	U. Prashant Shenoy (Nominee of Gayatri Highways Limited)	1	0.002	-	1	0.002	-	-
7	K. Mani Raju (Nominee of Gayatri Highways Limited)	1	0.002		1	0.002		
Total		**1,00,00,843**	**100**	**100**	**1,00,00,843**	**100**	**100**	-

❖ As per the NCLT order dated 3rd November, 2017 of Composite Scheme of Arrangement between Gayatri Projects Ltd, Gayatri Infra Ventures Ltd and Gayatri Highways Ltd (Formerly Gayatri Domicile Pvt. Ltd), all the investments held by Gayatri Infra Ventures Ltd and Gayatri Projects Limited has been transferred to Gayatri Highways Ltd (the appointed date is 31st March, 2017).

iii) Change in Promoters' Shareholding (Please specify, if there is no change)

S. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,00,00,843	100		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the year	1,00,00,843	100	-	-

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in lac)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,47,054.54			1,47,054.54
ii) Interest due but not paid	11,421.78			11,421.78
iii) Interest accrued but not due	4,953.60	-		4,953.60
Total (i+ii+iii)	**1,63,429.92**	**-**		**1,63,429.92**
Change in Indebtedness during the financial year				
Addition	14,567.26			14,567.26
Reduction				
Net Change	14,567.26	-		14,567.26
Indebtedness at the end of the financial year				
i) Principal Amount	1,47,054.54			1,47,054.54

ii) Interest due but not paid	24,127.94			24,127.94
iii) Interest accrued but not due	6,814.70			6,814.70
Total (i+ii+iii)	**1,77,997.18**	**-**		**1,77,997.18**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	**Particulars of Remuneration**	**Name of MD/WTD/ Manager**		**Total Amount**
		Mr. T. Rajiv Reddy		
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	as % of profit	-	-	-
	others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	-	-	-

B. Remuneration to other directors:

1. Independent Directors

Sl. no.	**Particulars of Remuneration**	**Name of Directors**		**Total Amount**
		Mr. Ch. Harivithal Rao	**Mr. M.V.N. Rao**	
	-Fee for attending Board/Committee Meetings	**Rs. 35,000/-**	**Rs. 25,000/-**	**Rs. 60,000/-**
	-Commission	-	-	-
	- Others, please specify	-	-	-
	Total (B)(1)	**Rs. 35,000/-**	**Rs. 25,000/-**	**Rs. 60,000/-**

2. Other Non Executive Directors

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
	-Fee for attending Board/Committee Meetings	-	-	-
	-Commission	-	-	-
	- Others, please specify	-	-	-
	Total (B)(2)	-	-	-
	Total (B)= (B)(1)+ (B)(2)	**Rs. 35,000/-**	**Rs. 25,000/-**	**Rs. 60,000/-**

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

(Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**Company Secretary**	**CFO Mr. K. Vijay Kumar**	**Total**
1.	**Gross salary**	-	-		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	**Rs.3,85,000/-**	**Rs.3,85,000/-**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-		-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-		-
2.	Stock Option	-	-		-
3.	Sweat Equity	-	-		-
4.	Commission	-	-		-
	as % of profit	-	-		-
	others, specify...	-	-		-
5.	Others, please specify	-	-		-
	Total			**Rs.3,85,000/-**	**Rs.3,85,000/-**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: -N.A.-

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
Sai Maatarini Tollways Limited

Place: **Hyderabad**
Date: **22nd May, 2019**

T. Rajiv Reddy
Managing Director
DIN:06859435

T.V. Sandeep Kumar Reddy
Director
DIN:00005573

ANNEXURE-2

Form No. AOC-2

(Pursuant to *clause (h) of sub-section (3)of section 134 of the Act and* Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

(a) Name(s) of the related party and nature of relationship	Nil
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Justification for entering into such contracts or arrangements or transactions	
(f) date(s) of approval by the Board	
(g) Amount paid as advances, if any:	
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship	During the year, no material contracts or arrangements have been entered into by the Company.
(b) Nature of contracts/arrangements/transactions	Not Applicable
(c) Duration of the contracts / arrangements/transactions	Not Applicable
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Not Applicable
(e) Date(s) of approval by the Board, if any:	Not Applicable
(f) Amount paid as advances, if any:	Not Applicable

For and on behalf of the Board
Sai Maatarini Tollways Limited

Place: **Hyderabad**
Date: **22nd May, 2019**

T. Rajiv Reddy
Managing Director
DIN:06859435

T.V. Sandeep Kumar Reddy
Director
DIN:00005573

ANNEXURE-3

FORM NO MR - 3
Secretarial Audit Report
for the financial year ended 31st March, 2019

[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
Sai Maatarini Tollways Limited,
6-3-1090, TSR Towers, Rajbhavan Road,
Somajiguda, Hyderabad -500082, Telangana.

I have conducted the Secretarial Audit for compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Sai Maatarini Tollways Limited,** CIN: U45400TG2011PLC076396 (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 returns filed and other records [as provided to me] maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period ended on 31st March, 2019 (hereinafter called the "Audit Period" starting from 01/04/2018 to 31/03/2019) complied with the statutory provisions listed hereunder 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 audit period according to the provisions of:

I. The Companies Act, 2013 (**'the Act'**) (as amended from time to time) and the rules made there under;

II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) (as amended from time to time) and the rules made thereunder;

III. The Depositories Act, 1996 (as amended from time to time) and the regulations and bye-laws framed there under;

IV. Foreign Exchange Management Act, 1999 (as amended from time to time) and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company (as amended from time to time) :-

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, 2018;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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

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

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

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

<u>I have also examined compliance with the applicable clauses of the following:</u>

i. Secretarial Standards issued by The Institute of Company Secretaries of India as notified from time to time;

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

iii. The Other laws specifically applicable to the Company;

iv. Adequate systems and processes for compliance with labour laws, competition law, and environmental laws;

v. Board structures / systems and processes; and

vi. Memorandum and Articles of Association.

I report that, during the audit period under review, in my opinion, the following provisions are not applicable to the Company:

- Foreign Exchange Management Act, 1999 (as amended from time to time) and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; and

- The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 specified in Point V (a) to (h) above.

I report that, during the audit period under review, the Company has, in my opinion :

- Complied with the provisions of The Companies Act, 2013 (as amended) and the rules made there under to the extent applicable except appointment of Company Secretary, however the Company has appointed the Company Secretary with effect from 01/04/2019;

- Complied with the provisions of The Securities Contracts (Regulation) Act, 1956 (as amended) and the rules made thereunder to the extent applicable;

- Complied with the provisions of The Depositories Act, 1996 (as amended) and the regulations and bye-laws framed there under to the extent applicable;

- Complied with the provisions of the Secretarial Standards issued by The Institute of Company Secretaries of India as notified from time to time;

- Complied with The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [to the extent applicable];
- Complied with Other specific applicable laws to the Company to the extent applicable;

- Complied with the provisions of the Memorandum and Articles of Association of the Company;

- Given adequate notice to all directors to schedule the Board Meetings, sent agenda and detailed notes on agenda at least seven days and there exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- All decisions at Board Meetings and Committee Meetings were carried out with majority and were recorded in the minutes of the meeting of the Board of Directors or Committee of the Board as the case may be, and there were no dissenting decisions to be recorded.

- There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report, that during the audit period under review, the Company has, in my opinion:

- Has no specific events / actions having a major bearing on the Company's affairs in pursuance of the above laws, rules, regulations, guidelines, standards, etc. referred to above.

- Has no cases of fraud which are required to be reported pursuant to provisions of section 143 read with section 447 of the Companies Act, 2013 and the rules made there under.

Date : 23/04/2019
Place: Hyderabad

C.N.Kranthi Kumar
Company Secretary in Practice
FCS No.9255, CP No.13889

Note: This report is to be read with my letter of even date which is annexed as Annexure- A and forms as integral part of this report.

ANNEXURE - 'A'

To

The Members
Sai Maatarini Tollways Limited,
6-3-1090, TSR Towers, Rajbhavan Road,
Somajiguda, Hyderabad -500082, Telangana.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of **Sai Maatarini Tollways Limited** (the "Company"). My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records with best possible care, reasonable skill and due diligence.

3. The verification was done on sample basis / test basis / random basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices that I have followed [based on guiding principles] has provided a reasonable basis for my opinion.

4. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.

5. Where ever required, I have obtained the management representation about the compliance of laws, rules, regulations, guidelines and happening of events, etc.

6. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on sample / test / random basis.

7. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

C.N.Kranthi Kumar
Company Secretary in Practice
FCS No.9255, CP No.13889

Date : 23/04/2019
Place: Hyderabad

M. BHASKARA RAO & CO.
CHARTERED ACCOUNTANTS
PHONES : 23311245, 23393900
FAX : 040-23399248

5-D, FIFTH FLOOR, "KAUTILYA",
6-3-652, SOMAJIGUDA,
HYDERABAD-500 082. INDIA.
e-mail : mbr_co@mbrc.co.in

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Sai Maatarini Tollways Limited

Report on Audit of Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **Sai Maatarini Tollways Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information ("here after referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the Loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Material Uncertainty Related to Going Concern

We draw attention to Note 34 in the financial statements, which indicates that the Company incurred a net loss of Rs. 17,982.74 Lakhs during the year ended March 31, 2019. Further, as of that date, the Company's current liabilities exceeded the current assets by Rs.32,898.87 Lakhs,

M. BHASKARA RAO & CO. Chartered Accountants HYD.

substantially lower toll revenue etc. These events along with the other events stated in Note 33 regarding termination notice issued by the Company to National Highways Authority of India (NHAI), counter termination noticed received from (NHAI) indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of Matter:

We draw attention to:

i. Note 33 to the standalone financial statements regarding the estimates used in amortization of the intangible asset - carriage way and regarding provisioning for impairment of the said intangible asset.

ii. Note 34 to the standalone financial statements regarding termination notices between the Company and NHAI

The ultimate outcome of the above matters cannot presently be determined for the reasons referred to in the relevant notes to the accompanying standalone Ind AS financial statements referred above. Accordingly, no adjustment has been made in the carrying value of the balances of assets / liabilities / retained earnings.

Our opinion is not modified in respect of the aforementioned matters.

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

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

M. BHASKARA RAO & CO. Chartered Accountants HYD.

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 Act with respect to the preparation 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 Standards specified under section 133 of the Companies Act, 2013, 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility for the Audit of Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of

M. BHASKARA RAO & CO. Chartered Accountants HYD.

accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Regulation 3, Schedule C of the Regulations and Section 143(3) of the Companies Act, 2013, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
   c) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this Report are in agreement with the books of the account.
   d) in our opinion, 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.

M. BHASKARA RAO & Co. Chartered Accountants HYD.

e) on the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act.

f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the no remuneration was paid by the Company to its directors during the year.

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. As stated in Note 38 to the financial statements, the Company is not having any pending litigations.

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 which are required to be transferred, to the Investor Education and Protection Fund by the Company for the year ended March 31, 2019.

2. As required by the Companies (Auditors' Report) Order, 2016 issued by the Central Government of India in terms of Section 143(11) of the Companies Act, 2013, we give in "Annexure B "a statement on the matters specified in paragraph 3 and 4 of the Order.

For M Bhaskara Rao & Co
Chartered Accountants
Firm Registration No: 000 459 S

M. BHASKARA RAO & CO. Chartered Accountants HYD.

V K Muralidhar
Partner
Membership No. 201570

Place: Hyderabad
Date: May 22, 2019

Re: SAI MAATARINI TOLLWAYS LTD
Annexure A to the Independent Auditors' report
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sai Maatarini Tollways Ltd ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

M. BHASKARA RAO & CO. Chartered Accountants HYD.

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 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M Bhaskara Rao & Co
Chartered Accountants
Firm Registration No: 000 459 S

M. BHASKARA RAO & CO. Chartered Accountants HYD.

V K Muralidhar
Partner
Membership No. 201570

Place: Hyderabad
Date: May 22, 2019

Re: SAI MAATARINI TOLLWAYS LTD

Annexure B to the Independent Auditors' Report

(Referred to in paragraph '2' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, all the fixed assets have been physically verified by the management during the year in accordance with programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the Company is not having any immovable properties.

ii. Having regard to the nature of the Company's business, paragraph 3(ii) of the Order relating to inventory is not applicable.

iii. According to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and accordingly paragraph 3(iii) of the Order is not applicable, at present.

iv. In our opinion and according to the information and explanations given to us, the Company has neither granted any loans / advances, nor made any investments nor provided guarantees and securities to the parties covered under the provisions of Section 185 and 186 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3(iv) of the Order does not arise

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits. Accordingly, the provisions of paragraph 3(v) of the Order does not arise.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.

vii. According to the information and explanations given to us and according to the books and records as produced and examined by us in accordance with the generally accepted auditing practices in India, in respect of statutory dues:

M. BHASKARA RAO & CO. Chartered Accountants HYD.

(a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, value added tax, goods and service tax , cess and any other material statutory dues applicable to it with the appropriate authorities during the year.

There were no undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, customs duty, value added tax, goods and service tax and cess which were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax or duty of customs or duty of excise or value added tax or cess that have not been deposited on account of any dispute.

viii. In our opinion and according to the information and explanations given to us and based on the examination of records of the Company, the Company has defaulted in repayment of the following dues to financial institutions:

Particulars	Amount of Deposit as at the Balance Sheet Date (Rs. Lakhs)	Period of default
Installments Repayable to Banks and Financial Institutions	1397.50	January 1, 2018 to March 31, 2019
Interest Repayable	24, 127.94	October 1,2017 to March 31, 2019

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Term loans availed by the Company during the year were, prima facie, applied by the Company for the purposes for which they were obtained.

x. During the course of our examination of the books and other records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management.

xi. In our opinion and to the best of our information and according to the explanations given to us, the no remuneration was paid by the Company to its directors during the year.

xii. According to the information and explanations given to us and based on our examination of the records, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

M. BHASKARA RAO & CO. Chartered Accountants HYD.

xiii. According to the information and explanations given to us and based on the examination of records of the Company, all the transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standard.

xiv. According to the information and explanations given to us and based on the examination of records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly Convertible debentures during the year. Hence, reporting under the provisions of paragraph 3(xiv) of the Order does not arise.

xv. According to the information and explanations given to us and based on the examination of records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, paragraph 3(xv) of the order is not applicable.

xvi. The Company is not a Non-Banking Financial Institutions as per Section 45I(a) of the Reserve Bank of India Act, 1934.

For M Bhaskara Rao & Co
Chartered Accountants
Firm Registration No: 000 459 S

M. BHASKARA RAO & CO. Chartered Accountants HYD.

V K Muralidhar
Partner
Membership No. 201570

Place: Hyderabad
Date: May 22, 2019

Sai Maatarini Tollways Limited

Balance sheet as at 31st March 2019

(All amounts in ₹ in lacs unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	3	5.94	8.64
Intangible assets	3	1,78,726.36	1,75,742.03
Intangible assets under development	3	311.95	5,180.94
Other Non Current Financial Assets	4	1,126.90	1,095.59
Other non-current assets	4	1,011.02	465.60
		1,81,182.17	**1,82,492.80**
Current assets			
Financial Assets			
- Cash and cash equivalents	5	270.52	2,018.30
Other current assets	6	51.98	54.77
		322.50	**2,073.07**
Total assets		**1,81,504.67**	**1,84,565.87**
Equity and liabilities			
Equity			
Equity share capital	7	1,000.08	1,000.08
Instrument entirely equity in nature	8	10,016.00	10,016.00
Other equity	8	(10,056.63)	7,926.11
Total Equity		**959.45**	**18,942.19**
Non-current Liabilities			
Financial liabilities			
Long Term Borrowings	9	1,47,318.21	1,49,712.04
Long Term Provisions	10	5.64	3.12
		1,47,323.85	**1,49,715.16**
Current liabilities			
Financial liabilities			
-Trade payables	11	264.72	382.63
-Other Financial Liabilities	12	29,721.10	12,683.39
Other current liabilities	13	3,234.24	2,842.40
Short Term Provisions	14	1.31	0.10
		33,221.37	**15,908.52**
Total equity and liabilities		**1,81,504.67**	**1,84,565.87**

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

As per our report of even date attached
For M. BHASKARA RAO & CO.
Chartered Accountants
Firm Registration No. 000459S

Chartered Accountants
BHASKARA RAO & CO.
HYD.

V K Muralidhar
Partner
Membership No. 201570

For and on behalf of the Board

T. RAJIV REDDY
Managing Director
DIN: 06859435

T.V SANDEEP KUMAR REDDY
Director
DIN: 00005573

K.Vijay Kumar
Chief Financial Officer

Radha Supriya
Radha Supriya
Company Secretary

Place: Hyderabad
Date: 22.05.2019

Sai Maatarini Tollways Limited
Statement of Profit and Loss for the year ending 31st March 2019
(All amounts in ₹ in lacs unless otherwise stated)

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from Operations	15	5,511.73	2,692.03
Construction Revenue	16	-	18,491.99
Total income		**5,511.73**	**21,184.02**
Expenses			
Construction Expenses	17	-	18,491.99
Employee benefits expense	18	74.15	37.84
Depreciation and amortization expense	3	850.00	391.71
Finance costs	19	21,452.55	10,651.60
Toll Plaza Admin Expenses		894.82	583.90
Other expenses	21	222.95	37.61
Total expense		**23,494.47**	**30,194.65**
Loss before tax from continuing operations		(17,982.74)	(9,010.63)
Current tax		-	-
Income tax expense		-	-
Loss for the Period		**(17,982.74)**	**(9,010.63)**
Total other comprehensive income, net of tax		-	-
Total comprehensive income for the period		**(17,982.74)**	**(9,010.63)**
Earnings per equity share (EPES)			
Basic		(179.83)	(90.11)
Diluted		(179.83)	(90.11)

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

As per our report of even date attached
For M. BHASKARA RAO & CO.
Chartered Accountants
Firm Registration No. 000459S

V K Muralidhar
Partner
Membership No. 201570

M. BHASKARA RAO & CO. Chartered Accountants HYD.

For and on behalf of the Board

T. RAJIV REDDY
Managing Director
DIN: 06859435

T.V SANDEEP KUMAR REDDY
Director
DIN: 00005573

K.Vijay Kumar

K.Vijay Kumar
Chief Financial Officer

Radha Supriya

Radha Supriya
Company Secretary

Place: Hyderabad
Date: 22.05.2019

Sai Maatarini Tollways Limited
Statement of Cash flows for the year ended as on 31st March 2019
(All amounts in ₹ in lacs unless otherwise stated)

		31 March 2019	31 March 2018
Operating activities			
Profit/(Loss) before tax		(17,982.74)	(9,010.63)
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment		850.00	392.52
Adjustment in amortised finance cost		-	-
Working capital adjustments:			
(Increase)/Decrease in trade receivables		-	-
(Increase)/Decrease in other non current Financial assets		(31.31)	-
(Increase)/Decrease in other non current assets		(545.42)	923.21
(Increase)/Decrease in other current assets		2.79	6.19
Increase /(Decrease) in trade Payables		(117.91)	227.48
Increase /(Decrease) in other long term liabilities		-	-
Increase /(Decrease) in other current liabilities		17,429.55	8,821.88
Increase /(Decrease) in long term Provisions		2.52	3.12
Increase /(Decrease) in current term Provisions		1.21	0.10
		(391.31)	1,363.88
Income tax paid, net of refund		-	-
Net cash flow from operating activities	**(A)**	**(391.31)**	**1,363.88**
Investing activities			
Intangible assets under development		4,868.99	1,65,744.84
Intangible assets (carriageway)		(2,984.33)	(1,76,132.06)
Purchase of Capital Assets		-	(2.60)
Net cash flow from investing activities	**(B)**	**1,884.66**	**(10,389.82)**
Financing activities			
Proceeds from Issue of Share Capital		-	-
Increase in Long Term borrowings		(3,241.12)	10,594.86
Repayment of long-term borrowings		-	-
Increase in Sub Debt		-	-
Net cash used in financing activities	**(C)**	**(3,241.12)**	**10,594.86**
Net increase/(decrease) in cash and cash equivalents	**(A+B+C)**	(1,747.78)	1,568.93
Cash and cash equivalents at the beginning of the year		2,018.30	449.37
Cash and cash equivalents at the end of the year		**270.52**	**2,018.30**
Cash and cash equivalents includes			
Cash on hand		54.60	13.37
Balances with banks in current accounts		215.92	2,004.93
Total cash and cash equivalents		**270.52**	**2,018.30**
Balances with banks in fixed deposit accounts		-	
Total		**270.52**	**2,018.30**

This is the Cash Flow Statement referred to in our report of even date.

For M. BHASKARA RAO & CO.
Chartered Accountants
Firm Registration No. 000459S

V K Muralidhar
Partner
Membership No. 201570

M. BHASKARA RAO & CO. Chartered Accountants HYD.

Place: Hyderabad
Date: 22.05.2019

For and on behalf of the Board

T. RAJIV REDDY
Managing Director
DIN: 06859435

T.V SANDEEP KUMAR REDDY
Director
DIN: 00005573

K. Vijay Kumar
K.Vijay Kumar
Chief Financial Officer

Radha Supriya
J. Radha Supriya
Company Secretary

Sai Maatarini Tollways Limited

Statement of Changes in Equity for the year as on 31st March 2019

(All amounts in ₹ in lacs unless otherwise stated)

(a) Equity share capital

	Number	Amount
Equity shares of ₹10 each issued, subscribed and fully paid		
At 31 March 2019	1,00,00,843	1,000.08
At 31 March 2018	1,00,00,843	1,000.08

(b) Other equity

For the year ended 31 March 2019

	Security Premium Reserve	Retained earnings	Total equity
As at 01 April 2018	**17,015.94**	**(9,089.83)**	**7,926.11**
Profit for the year	-	(17,982.74)	**(17,982.74)**
At 31 March 2019	**17,015.94**	**(27,072.57)**	**(10,056.63)**

For the Year ended 31 March 2018

	Security Premium Reserve	Retained earnings	Total equity
At 1 April 2017	**17,015.94**	**(79.20)**	**16,936.74**
Profit for the year	-	(9,010.63)	**(9,010.63)**
At 31 March 2018	**17,015.94**	**(9,089.83)**	**7,926.11**

This is the Statement of Changes in Equity referred to in our report of even date.

As per our report of even date attached

For M. BHASKARA RAO & CO.

Chartered Accountants

Firm Registration No. 000459S

M. BHASKARA RAO & CO. Chartered Accountants HYD.

V K Muralidhar

Partner

Membership No. 201570

For and on behalf of the Board

T. RAJIV REDDY

Managing Director

DIN: 06859435

T.V SANDEEP KUMAR REDDY

Director

DIN: 00005573

K.Vijay Kumar

K.Vijay Kumar

Chief Financial Officer

Radha Supriya

J. **Radha Supriya**

Company Sectretary

Place: Hyderabad

Date: 22.05.2019

(All amounts in ₹ in lacs unless otherwise stated)

1 Corporate Information

Sai Maatarini Tollways Limited ("the Company") is a limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

The Company is a Special Purpose Vehicle (SPV) incorporated for the purpose of execution of the project "Four Laning of Panikoili-Rimuli section of NH-215 from KM 0.00 to KM 163.00 (Design Length 166.173 KM) in the State of Odisha under NHDP Phase-III as BOT (Toll) basis on DBFOT pattern." As per the Concession Agreement dated September 28, 2011 signed with National Highways Authority of India ("NHAI"), the Concession Period is for 24 years. The Company has achieved Provisional Completion Certificate on 08.08.2017 and Toll Collections are started from 17.08.2017.

2 Significant Accounting Policies

2.01 Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

(b) Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets (if any) less present value of defined benefit obligations
Assets held for sale	fair value less costs to sell

(c) Use of estimates and judgments

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date

• Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

• Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.02 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III of the Companies Act, 2013.

2.03 Revenue recognition

a) Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

M. BHASKARA RAO & CO. Chartered Accountants HYD.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economi benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company base its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement

b) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangemen is accounted for based on actual collection. Revenue from sale of smart cards is accounted on cash basis.

c) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

d) Contract revenue for fixed price contracts is recognised only to the extent of cost incurred that it is probable will be recoverable til such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contrac revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completio method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.
Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contrac revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change i the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognise in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.
For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, th variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they ar capable of being reliably measured.

For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost. Expected loss, if any, on the construction activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

e) Fair value gains on current investments carried at fair value are included in other income.
f) Dividend income is recognised when the right to receive the same is established by the reporting date.
g) Other items of income are recognised as and when the right to receive arises.

2.04 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balance which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk o change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process i included as part of cash and cash equivalents.

2.05 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:
(a) transactions of a non-cash nature;
(b) any deferrals or accruals of past or future operating cash receipts or payments and,
(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

2.06 Current & Non Current classification :

Current Asset :
An asset shall be classified as current when it satisfies any of the following criteria:
(a) it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
(b) it is held primarily for the purpose of being traded.
(c) It is expected to be realized within twelve months after the reporting date, or
(d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
All other assets shall be classified as non-current.

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Current Liabilities:
A liability shall be classified as current when it satisfies any of the following criteria:
(a) it is expected to be settled in the company's normal operating cycle;
(b) it is held primarily for the purpose of being traded;
(c) it is due to be settled within twelve months after the reporting date : or
(d) the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could at the option of the counterparty, result in its settlement by the issue of equity instruments do not effect its classification. All other liabilities shall be classified as non-current.

2.07 Property, plant and equipment (PPE)

Property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation on assets has been provided on Straight line basis at the useful lives specified in the Schedule II of the Companies Act, 2013. Depreciation on additions/ deductions is calculated pro-rata from/ to the month of additions/ deductions.

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

2.08 Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

b) Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue from the users of the public service (road) during the concession period in respect of Build-Operate-Transfer ("BOT") project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India ("NHAI")/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as "Change of Scope") is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

Any Viability Gap Funding (VGF) in the form of equity support in connection with project construction is accounted as a receivable and is adjusted to the extent of actual receipts.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Intangible assets that are not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

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Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period.

2.09 Investments

Trade investments comprise investments in entities in which the Group has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of cost model.

2.10 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.11 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.12 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

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Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

2.13 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:
(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

2.14 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible. Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

The company has the policy of taking note of the Contingent assets & liabilities once they are on the legal forum

2.15 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):
• The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
• The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (unless the same are designated as fair value through profit or loss)
• The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
• The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments and all changes are recognised in profit or loss.

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest income, dividend income and exchange difference (on debt instrument) on FVTOCI debt instruments is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

c) Impairment of financial assets (Expected Credit Loss Model)

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset and financial guarantees not designated at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e.. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument, through the expected life of the financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the life-time expected credit losses if the credit risk on that financial instrument has increase significantly since initial recognition. If the credit risk has not increased significantly, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the life-time cash shortfalls that will result if the default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

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When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of a change in the amount of the expected credit loss. To achieve that, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

2.16 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.17 Claims

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

2.18 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for
(ii) Uncalled liability on shares and other investments partly paid
(iii) Funding related commitment to subsidiary, associate and joint venture companies and
(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

2.19 Employee Benefit

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

i. Short term Employee Benefit

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

ii. Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities.

(c) Other long term Employee Benefit

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

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Sai Maatarini Tollways Limited

Summary of Significant Accounting Policies and Other Explanatory Information
(All amounts in ₹ in lacs unless otherwise stated)

3 (a) Property plant and equipment

Particulars	Gross Block			Depreciation			Net Block	
	As at 31.03.2018	Additions during the year	As at 31.03.2019	Up to 31.03.2018	For the year	Up to 31.03.2019	As at 31.03.2019	As at 31.03.2018
Computers	1.93	-	1.93	0.79	0.57	1.36	0.57	1.14
Office Equipments	0.35	-	0.35	0.31	0.04	0.35	0.00	0.04
Vehicle	14.50	-	14.50	8.06	1.84	9.90	4.60	6.44
Plant & Machinery	1.13	-	1.13	0.10	0.25	0.35	0.77	1.02
Total	**17.90**	**-**	**17.90**	**9.26**	**2.70**	**11.96**	**5.94**	**8.64**
Previous Year figures	15.30	-	15.30	4.71	2.06	6.77	8.53	10.59

3 (b) Intangible Asset Under Development

Particulars	Opening balance as at 01.04.2018	Addition during the year	Closing balance as at 31.03.2019
Construction Cost			
EPC Cost (including Mobilisation Amount)	1,133.08	-	1,133.08
Other Construction Cost	-	-	-
Total	**1,133.08**	**-**	**1,133.08**
Pre operative Expenses			
Financial Charges	4,869.02	-	4,869.02
Salaries and wages	28.61	-	28.61
Legal and Professional Charges	105.16	-	105.16
Travelling & Conveyance	1.26	-	1.26
Site Administration Expenses	3.34	-	3.34
Rent-Site Office	1.35	-	1.35
Rates and Taxes, Filing Fees	-	-	-
Insurance Expenses	36.68	-	36.68
Miscellaneous	2.47	-	2.47
Utility Shifting Work Expenses	281.00	738.64	1,019.64
Sub Total	**5,328.88**	**738.64**	**6,067.52**
Less: Finance Charges Capitalised			3,831.62
Less: Finance Charges trasferred to P&L			1,037.40
			4,869.02
Total Cost	**6,461.96**	**738.64**	**2,331.59**
Less:			
Reimbursement of utility shifting	281.00	738.64	1,019.64
Grant Received from NHAI	1,000.00	-	1,000.00
Interest and Dividend Income	-	-	-
Unamortised Finance Cost	-	-	-
Total	**1,281.00**	**738.64**	**2,019.64**
Grand total	**5,180.94**	**(0.00)**	**311.95**

(c) Intangible Asset (Carriageway)

As on 31.03.2019

Partculars	Gross Value	Cumulative Amortisation	Net Carrying Amount as on 31.03.19
Intangible assets (Carriageway)	1,76,132.06		1,76,132.06
Add: Finance Charges Capitalised during the year	3,831.62	-	3,831.62
Grand total	**1,79,963.68**	**1,237.33**	**1,78,726.36**

As on 31.03.2018

Partculars	Gross Value	Cumulative Amortisation	Net Carrying Amount as on 31.03.18
Intangible assets (Carriageway)	1,76,132.06	390.03	1,75,742.03
Grand total	**1,76,132.06**	390.03	**1,75,742.03**

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(All amounts in ₹ in lacs unless otherwise stated)

4 (a) Other Non Current Financial Assets

	As at	
	31 March 2019	31 March 2018
Retention money-NHAI	27.51	27.51
TDS Receivable	1,099.39	1,068.08
	1,126.90	**1,095.59**

4(b) Other Non Current Assets

	As at	
	31 March 2019	31 March 2018
Capital Advance-Long term loan and advances - related party	465.60	465.60
Advance against Change of Scope works-related party	545.42	-
	1,011.02	**465.60**

5 Cash and cash equivalents

	As at	
	31 March 2019	31 March 2018
Balances with banks		
- on current accounts	215.92	2,004.93
Cash on hand	54.60	13.37
	270.52	**2,018.30**

6 Other current assets

	As at	
	31 March 2019	31 March 2018
Prepaid expenses	44.48	48.19
Other advances	7.50	6.58
	51.98	**54.77**

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(All amounts in ₹ in lacs unless otherwise stated)

7 Share capital

	31 March 2019		31 March 2018	
	Number	Amount	Number	Amount
Authorized				
Equity shares of ₹10 each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
	1,50,00,000	**1,500.00**	**1,50,00,000**	**1,500.00**
Issued, subscribed and fully paid-up				
Equity shares of ₹10 each	1,00,00,843	1,000.08	1,00,00,843	1,000.08
	1,00,00,843	**1,000.08**	**1,00,00,843**	**1,000.08**

(a) Reconciliation of equity shares outstanding at the beginning and end of the reporting period

	31 March 2019		31 March 2018	
	Number	Amount	Number	Amount
At the beginning of the year	1,00,00,843	1,000.08	1,00,00,843	1,000.08
Issued during the year	-	-	-	-
Balance at the end of the year	**1,00,00,843**	**1,000.08**	**1,00,00,843**	**1,000.08**

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The rights and preferences of each shareholder are in accordance with the Shareholder's Agreement dated 14th May 2007.

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing annual general meeting. During the year, no dividend was declared by the Company (31st March 2019 Nil).

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 in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding Company, ultimate holding Company, subsidiaries / associates of holding Company or ultimate holding Company

Out of the equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

	31 March 2019		31 March 2018	
	Number	Amount	Number	Amount
Gayatri Highways Limited - Holding Company	1,00,00,843	1,000.08	1,00,00,843	1,000.08

(d) Details of shareholders holding more than 5% shares in the Company

	31 March 2019		31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
Gayatri Highways Limited - Holding Company	1,00,00,843	100.00%	1,00,00,843	100.00%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

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8 a) Instrument entirely equity in nature

	As at	
	31 March 2019	31 March 2018
Loans from Sponsors:		
Gayatri Projects Ltd.	-	10,016.00
Gayatri Highways Ltd.	10,016.00	-
	10,016.00	**10,016.00**

Subordinate debt will be paid at the option of the company only after payment of entire senior debt from lenders.

b) Other equity

	As at	
	31 March 2019	31 March 2018
Retained earnings		
Balance as per last audited financial statements	(9,089.83)	(79.20)
Add: Net profit for the Year	(17,982.74)	(9,010.63)
Balance at the end of the Year	**(27,072.57)**	**(9,089.83)**
Securities Premium		
Balance as per last audited financial statements	17,015.94	17,015.94
Add: Received on allotment during the year	-	-
Balance at the end of the Year	**17,015.94**	**17,015.94**
Total other equity	**(10,056.63)**	**7,926.11**

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(All amounts in ₹ in lacs unless otherwise stated)

9 Long term Borrowings

	As at	
	31 March 2019	31 March 2018
Non-current borrowings		
Term loans		
Secured		
From Banks	1,09,213.54	1,09,213.54
From Financial Institutions	29,841.00	29,841.00
Sub Debt from IIFCL	14,814.70	12,953.60
Less: Current maturities of long-term borrowings	(5,589.40)	(1,257.61)
Less : Unamortised Finance Cost	(961.63)	(1,038.49)
	1,47,318.21	**1,49,712.04**
Current borrowings		
Current maturities of long term loans		
Term loans		
Secured		
From Banks	4,389.40	987.61
From Financial Institutions	1,200.00	270.00
	5,589.40	**1,257.61**

Nature of Security for Secured Loans:

A. Term Loans from banks and financial institutions are secured by:

a) First mortgage and pari passu charge on all the borrower's immovable properties, present and future, if any, save and except the Project Assets.

b) a first charge by way of hypothecation on all the Borrower's tangible moveable assets, including but not limited to all current / non-current assets, moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles, all other movable assets, both present and future, save and except the Project Assets.

c) a first charge on all the Borrower's bank accounts including but not limited to the Escrow Account/its Sub-Accounts that may be opened in accordance with the Common Loan Agreement, the Supplementary Escrow Agreement, or any of the other Project Documents where all revenues, disbursements, receivables shall be deposited and on all funds from time to time deposited therein and on all permitted investments or other securities representing all amounts credited to the Escrow Account.

d) a first charge on all intangibles of the Borrower including but not limited to goodwill, rights, undertakings, uncalled capital and intellectual property rights, both present and future, save and except the Project Assets (provided that all amounts received on account of any of these shall be deposited in the Escrow Account and that the charges on the same shall be subject to the extent permissible as per the priority specified in the Clause 31 of the Concession Agreement and Clause 4 of the Escrow Agreement). Further, a charge on uncalled capital, as set in above, shall be subject however to the provisions of Clauses 5.3 and 7.1 (k) and Clause 31 of the Concession Agreement.

e) an assignment by way of security:

(i) of the right, title, interests, benefits, claims and demands of the Borrower in, to and under the Project Documents, duly acknowledged and consented to by the relevant counter-parties to such Project Documents to the extent not expressly provided in each such Project Document, all as amended, varied or supplemented from time to time;

(ii) of the right, title, interests, benefits, claims and demands of the Borrower in, to and under all the Approvals and Insurance Contracts; and

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9 Long term Borrowings (Continued..)

(iii) of the right, title, interests, benefits, claims and demands of the Borrower in, to and under any letter of credit, guarantees including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents.

f) pledge of equity shares (in dematerialised form) held by the Sponsor constituting 51% (fifty one percent) of the total paid up and voting equity share capital of the Borrower until the Final Settlement Date.

g) an irrevocable and unconditional guarantee from the Sponsor for meeting the shortfall between Secured Obligations then outstanding and the amounts receivable by the Lenders in accordance with Clause 4.2 of the Escrow Agreement in case of Termination of Concession Agreement for any reason.

B. Subordinate Debt from India Infrastructure Finance Co. Ltd. is secured by:

a) Mortgage and second charge on all the borrower's immovable properties, present and future, if any, save and except the Project Assets.

b) A second charge by way of hypothecation on all the Borrower's tangible moveable assets, including but not limited to all current/ non-current assets, moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles, all other movable assets, both present and future, save and except the Project Assets.

c) A second charge on all the borrower's bank accounts including but not limited to the Escrow Account/its sub-accounts that may be opened in accordance with any of the Project Agreement.

d) A second charge on all intangibles of the Borrower including but not limited to goodwill, rights, undertakings, uncalled capital and intellectual property rights, both present and future, save and except the Project Assets (provided that all amounts received on account of any of these shall be deposited in the Escrow Account and that the charges on the same shall be subject to the extent permissible as per the priority specified in the Clause 31 of the Concession Agreement and Clause 4 of the Escrow Agreement). Further, a charge on uncalled capital, as set in above, shall be subject however to the provisions of Clauses 5.3 and 7.1 (k) and Clause 31 of the Concession Agreement.

e) an assignment by way of security:

(i) of the right, title, interests, benefits, claims and demands of the Borrower in, to and under the Project Documents, duly acknowledged and consented to by the relevant counter-parties to such Project Documents to the extent not expressly provided in each such Project Document, all as amended, varied or supplemented from time to time;

(ii) of the right, title, interests, benefits, claims and demands of the Borrower in, to and under all the Approvals and Insurance Contracts; and

(iii) of the right, title, interests, benefits, claims and demands of the Borrower in, to and under any letter of credit, guarantees including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents.

f) An irrevocable and unconditional corporate guarantee from the Sponsor.

C. Subordinate Debt Support by Sponsors

As per clause no. 2.10 of Amended and Restated Sponsor Support Agreement dated 20th September 2014, the Sponsor (Gayatri Projects Limited) irrevocably agrees and undertakes-

(a) to promptly bring in from its own source requisite funds in addition to the sponsor's contribution without in recourse to the lenders and/or the secured property to the satisfaction of the lenders by subscribing to the equity share capital of the borrower to enable the borrower to implement the project as per the project completion schedule in the event of delay in receipt of the proceeds of the subordinate facility by the borrower from the subordinate lender; and

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9 **Long term Borrowings (Continued..)**

(b) that it shall in addition to the sponsors contribution without any recourse to the lenders and/or the secured property to the satisfaction of the lenders infuse an amount equivalent to the debt service obligations of the borrower under the subordinate facility, in advance, on year-on-year basis (i.e. on 1st of April every year, during which, interest on subordinate facility/principal installments of the subordinate facility are scheduled for payment/repayment), as per the repayment schedule stipulated by the subordinate lender.

Provided, however, that the funds brought in by the sponsor (as per Article 2.10 (a) above by subscribing to the equity share capital of the borrower) in the event there is delay in receipt of the proceeds of the subordinate facility from the subordinate lender shall be repaid to the sponsor (by redeeming the subscribed equity share capital of the borrower) on receipt of disbursements under the subordinate facility subject to their being no occurrence and continuance of event of default.

Terms of repayment of Secured Loans

A. The Company shall repay the Term Loans to the banks and financial institutions in 48 (forty eight) structured quarterly installments commencing after the Moratorium Period, as specified in the Amortization Schedule to the Common Loan Agreement dated June 26, 2013. The first repayment installment shall be due on January 1, 2016. The last repayment installment shall be paid on October 1, 2027.
The lenders have extended the SCOD from July 1, 2016 to July 1, 2017 and accordingly the Term Loan Repayment Schedule is shifted from January 1, 2016 to January 1, 2018.

B. The Company shall repay the Subordinate Loan to the Subordinate Lender in 18 quarterly installments commencing after the Moratorium Period, as specified in the Amortization Schedule to the Subordinate Loan Agreement. The first repayment installment shall be due on January 1, 2023. The last repayment installment shall be paid on April 1, 2028. However, the Sponsor, in addition to the Sponsor's Contribution without any recourse to the lenders and/or the secured property to the satisfaction of the lenders infuse an amount equivalent to the debt service obligations of the borrower under the subordinate facility, in advance on year-on-year basis, as per the repayment schedule stipulated by the subordinate lender.

Rate of Interest on Secured Loans

A. Applicable Interest Rate on Term Loans shall be floating at - (a) Spread @ 2% p.a. above the Base Rate of the Lead Bank viz. IDBI Bank Ltd.; or (b) Spread @ 2% p.a. above the IIFCL benchmark rate, whichever is higher.

B. Applicable Interest Rate on Subordinate Loan shall be floating at Spread, i.e. 2% p.a. above the Interest rate applicable to IDBI Bank Ltd. as per the Common Loan Agreement.

Period and Amounts of continuing defaults as on Balance Sheet Date

The Company has defaulted in payment of interest to the Banks and Financial Institutions amounting to Rs. 24,127.94 lac and principal installment of Rs. 1,397.35 Lakhs.

Terms relating to Interest and Repayment of Unsecured Loans:

The amount advanced by holding Company is in the nature of promoters' contribution which carries nil rate of Interest. The loan is sub-ordinate to the Term Loan to be availed from the lenders and the same will be paid at the option of the company after repayment of Term Loans in full.

10 **Long term provisions**

	As at		
	31 March 2019		**31 March 2018**
Provision for Employee benefits			
Provision for Gratuity	5.64		3.12
Total	**5.64**	-	**3.12**

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(All amounts in ₹ in lacs unless otherwise stated)

11 Trade payables

	As at	
	31 March 2019	31 March 2018
Vendors payables for Services & Products	264.71	382.63
	264.71	**382.63**

The identification of micro, small and medium enterprise suppliers as defined under the provisions of "Micro, small and medium enterprises Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on 31 March 2019 or 31 March 2018.

12 Other financial liabilities

	As at	
	31 March 2019	31 March 2018
Current maturities of long-term borrowings	5,589.40	1,257.61
Claims payable-related party-EPC Contractor (refer note 26(i))	22,745.00	-
Claims Receivable -NHAI (Refer Note-26(i))	(22,745.00)	-
Payable to related parties	3.75	4.00
Interest accrued and due	24,127.94	11,421.78
	29,721.09	**12,683.39**

13 Other current liabilities

	As at	
	31 March 2019	31 March 2018
Creditors for capital expenditure	1,242.58	1,362.71
Advance against chage of scope works-NHAI	545.42	-
Retention Money Payable	1,433.17	1,433.16
Statutory dues payable	13.07	46.53
	3,234.24	**2,842.40**

14 Short Tem Provisions

	As at	
	31 March 2019	31 March 2018
Provision for Employee benefits		
Provision for Gratuity	1.31	0.10
	1.31	**0.10**

15 Revenue from Operations

	As at	
	31 March 2019	31 March 2018
Revenue from Toll Operations	5,511.73	2,692.03
	5,511.73	**2,692.03**

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(All amounts in ₹ in lacs unless otherwise stated)

16 Construction Income

	For the year ended	
	31 March 2019	31 March 2018
Construction Income	-	18,491.99
	-	**18,491.99**

17 Construction Expenses

	For the year ended	
	31 March 2019	31 March 2018
Construction Expenses		
EPC Cost	-	10,617.84
Financial Charges	-	7,540.69
Salaries and wages	-	49.63
Legal and Professional Charges	-	197.87
Travelling & Conveyance	-	3.94
Site Administration Expenses	-	5.63
Rent-Site Office	-	2.11
Rates and Taxes, Filing Fees	-	0.54
Insurance Expenses	-	66.06
Miscellaneous	-	7.67
	-	**18,491.99**

18 Employee benefits expense

	For the year ended	
	31 March 2019	31 March 2018
Salaries and wages	70.42	84.25
Gratuity	3.73	3.22
	74.15	**87.47**
Less: Transferred to Intangible Assets under Development (refer note no.3)	-	(49.63)
Balance transferred to Statement of Profit and Loss	**74.15**	**37.84**

Provision for Gratuity is made on actuarial basis as summarized below. The Company does not have any policy for

Profit and Loss account for current period		
Service Cost:		
Current Service Cost	3.73	3.21
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	-	-
Total included in 'Employee Benefit Expense'	3.73	3.21
Expenses deducted from the fund	-	-
Total Charge to P&L	**3.73**	**3.21**

Other Comprehensive Income for the current period		
Components of actuarial gain/losses on obligations:		
Due to change in financial assumptions	-	-
Due to experience adjustments	-	-
Amount recognized in Other Comprehensive Income	**-**	

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(All amounts in ₹ in lacs unless otherwise stated)

18 **Employee benefits expense (continued...)**

Reconciliation of defined obligation

	For the year ended	
	31 March 2019	31 March 2018
Defined Benefit Obligation		
Opening defined benefit obligation	**3.22**	
Service cost	**3.73**	**3.22**
Net interest expenses	-	-
Net actuarial gain/(loss) recognized during the year	-	-
Benefits paid	-	-
Closing defined benefited obligation	**6.95**	**3.22**

19 **Finance costs**

	For the year ended	
	31 March 2019	31 March 2018
Interest on borrowings		
Interest on senior debts	18,266.68	16,242.99
Interest on sub debts (Includes Interest for the period 17.08.2017 to 31.03.2019)	2,898.49	1,627.29
Other finance costs	287.38	322.00
	21,452.55	**18,192.29**
Less: Transferred to Intangible Asset (CWIP)	-	(7,540.69)
Balance transferred to Statement of Profit and Loss	**21,452.55**	**10,651.60**

20 **Toll Plaza Administrative Expenses**	31 March 2019	31 March 2018
Diesel Expenses	30.79	53.09
Electricity Expenses	41.27	14.08
Insurance charges	3.63	2.10
Repairs & Maintenance	40.03	5.44
Toll Plaza Operation & Maintenance	779.10	509.19
	894.82	**583.90**

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(All amounts in ₹ in lacs unless otherwise stated)

21 Other expenses

	For the year ended	
	31 March 2019	31 March 2018
Travelling & Conveyance	10.07	4.44
Legal & Professional Expenses	12.81	19.66
NHAI IC Fee	69.57	-
Advertisement Expenses	2.28	-
Insurance	65.74	-
Lie consultancy fee	21.24	-
PMC Consultancy Fee	13.08	-
Office Maintenance	0.02	0.09
Statutory Audit Fee	2.36	2.36
Tax Audit Fee	0.30	0.25
Printing & Stationery	0.05	-
Bank Charges	0.02	0.01
Interest on TDS	-	1.19
Other Expenses	1.71	9.35
Comprehensive Audit Fee	18.23	-
Business Promotion Expenses	-	0.25
SPV Site Expenses (P&L)	5.47	-
	222.95	**37.61**

Payment to auditors	**31 March 2019**	**31 March 2018**
As auditor:		
Audit fee	**2.36**	**2.36**
Tax audit fee	**0.30**	**0.25**
For other services	**-**	**0.35**
GST/Service Tax	**-**	**0.05**
	2.66	**3.01**

22 Earnings per equity share

Basic EPS amount are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

The following reflects the income and shares data used in the basic EPS computations:

	For the year ended	
	31 March 2019	31 March 2018
Profit attributable to equity holders of the Company	(17,982.74)	(9,010.63)
Weighted average number of equity shares in calculating basic EPES	1,00,00,843	1,00,00,843
Nominal value per equity share (Rs.)	10.00	10.00
Effect of dilution:		
Weighted average number of equity shares used in computation of diluted EPES*	1,00,00,843	1,00,00,843

*The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of theses financial statements.

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23 Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

A) Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

ii Interest rate risk

The company is exposed to interest rate risk because it borrows funds primarily at floating interest rates. However, the interest rates are dependant on base rates/prime lending rates of the lead bank which are not expected to change very frequently and the estimate of the management is that these will not have significant upward trend.

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.
The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company is not exposed to price risk as it has no investment.

B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.
The company measures risk by forecasting cash flows.
The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

C) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. Hence, the management believes that the company is not exposed to any credit risk.

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24 Disclosure pursuant to Ind AS 12 - "Income taxes"

The Company does not have taxable income and hence provision for current tax has not been made. The company is eligible for deduction under section 80IA of Income Tax Act and the tax holiday period of the company's project falls within the concession period of the company as defined in Section 80IA. Since tax on Timing difference between Accounting Income and Taxable Income that arise during the year is reversing during such tax holiday period. No deferred tax asset/ liability arises and accordingly no provision is made in the accounts.

25 Commitments

	As at	
	31 March 2019	**31 March 2018**
Estimated amount of contracts remaining to be executed on Capital Account not provided for	9,026.33	9,026.33
Other commitments	-	-

26 Contingent items

	As at	
	31 March 2019	**31 March 2018**
Claims by the company against NHAI		
SMTL has submitted the Escalation Cost claims amounting of Rs. 974.50 Cr to NHAI, stating "Concessionaire's right to recover losses/damages from the Authority on account of material defaults of the Authority" vide its letter no 1037 dated 13.03.2019. The defaults were of such magnitude that the entire project completion schedule was disturbed beyond repair.		
Claims against the company not acknowledged as debt	-	-
(i) The Company has received cost overrun claims from EPC Contractor for delay in completion due to prolongation of construction period of the project beyond the scheduled date towards additional overhead expenditure, price escalation on materials consumed, loss of productivity and loss of profit. Aggregate claims against EPC Esclation made on NHAI from EPC Contractor is Rs 51,752.68 lakhs. Out of this,during the year under report the company recognized an amount Rs.22,745 lakhs (Previous year-Rs NIL) in the books of account. Total claim to EPC contractor will be paid only after receving from NHAI and after obtaining the consent from the Competent Authorities. The claim recognised is subject to approval from competent authority	29,007.68	51,752.68
(ii) Interest on NHAI claims	Not yet quantifiable	Not yet quantifiable
Guarantees	-	-
Other money for which the company is contingently liable	-	

(All amounts in ₹ in lacs unless otherwise stated)

27 Related party disclosures

Name of related parties and nature of relationship

Names of the related parties	Nature of relationship
Gayatri Highways Ltd	Holding company
Gayatri Projects Ltd	Enterprises in which Key Management personnel and/or their relatives have significant influence
T. Rajiv Reddy - Managing Director	Key Management personnel
T.V Sandeep Kumar Reddy - Director	Director and Relative of Key Management personnel
K.Vijay Kumar - Chief Financial Officer	Key Management personnel

27 Related party disclosures (Continued..)

Transactions with related parties during the year

	Year ended	
	31 March 2019	**31 March 2018**
Gayatri Projects Ltd		
EPC works	-	13,272.30
Utility shifting works	1,019.64	748.67
Utility shifting advance	545.42	-
Claims receivables (refer Note 26(i))	22,745.00	-
Remuneration to Chief Financial Officer	6.60	10.80

Balances receivable/(payable)

	As at	
	31 March 2019	**31 March 2018**
Gayatri Highwasy Ltd		
Instrument entirely equity in nature	(10,016.00)	(10,016.00)
Reimbursement of expenses	3.75	-
Gayatri Projects Ltd		
Other Current Liabilities	-	(4.00)
Trade payables	1,242.58	1,362.71
Retention Money payable-EPC work	(1,405.65)	(1,405.65)
Retention Money payable-utility shifting work	(27.51)	(27.51)
Utility shifting advance	545.42	-
Material Advance	465.60	465.60
Claims payables (refer Note 26(i))	22,745.00	0

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(All amounts in ₹ in lacs unless otherwise stated)

28 Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Borrowing cost capitalised during the year : Rs Nil

29 There have been no claimed transactions during the year with Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006.

30 Foreign Currency Transactions

(i) Expenditure in Foreign Currency	Nil
(ii) CIF value of Import	Nil
(iii) FOB value of Export	Nil
(iv) Earnings in Foreign Exchange	Nil
(v) Remittance in Foreign Exchange	Nil

31 Disclosure of segment information pursuant to Ind AS 108 "Operating Segments"

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

32 Provision for Major Maintenance:

Management has assessed the condition of the Carriage as at 31st March 2019 and is of the opinion that it does not warrant any provisioning for major mainteance in the near furture. Accordingly, no provision for such major maintenance was recognised in the books of account.

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33 Status of the Project, Impairment and Amortisation:

Management of the Company, after assessing the current and future toll revenue and after obtaining the legal opinions, on 9th March 2019 has issued a notice of "Intention to terminate the Concession Agreement on account of, inter alia, irreparable loss of toll revenue due to reasons not attributable to the Concessionaire - Force Majure (Political Event), under Clause 34.8 of the Concession Agreement (CA) to National Highways Authroity of India (NHAI). This notice has been followed with a termination notice issued on 27th March 2019 by the Company. On 10th April 2019, NHAI also has issued an Intention for Temination under Clause 37 of the CA. Company on 25th April, 2019, replied to the said notice, negating each and every point referred to in the said letter.

SMTL has submitted the Escalation Cost claims amounting of Rs. 974.50 Cr to NHAI, stating "Concessionaire's right to recover losses/damages from the Authority on account of material defaults of the Authority" vide its letter no 1037 dated 13.03.2019. The defaults were of such magnitude that the entire project completion schedule was disturbed beyond repair. This can be established from the following facts:

a. Realignment of the stretch from Km 34.00 to Km. 36.00: The land for taking up the work of realignment and the Major Bridge was formally handed over by the Authority as late as in November 2016'. However, given the public angst, and the threat that was looming large on the Concessionaire's staff working at the Project Site, the work could not be taken up till December 20.16. It was only after the Concessionaire, with the help of the Authority's representatives, pacified the local public, could the constructions works actually start. Given the kind of civil construction involved in this work, the least that any civil construction company would have taken to complete the same would have been no less than l9-20 months (considering the intervening monsoon seasons).

b. Government and religious structure: Till as late as in August 2017, "the Government buildings at certain locations of the Project Stretch were not relocated. The Authority barely did anything to ensure that the said buildings were evacuated or shifted in a timely. As a result, the Concessionaire could not take up construction of service roads and shoulders at Such stretches despite having completed the main carriageway.

c. Additional land for Project Facilities: The 3A Gazette Notifications in relation to lands for missing bits, additional land for Project Facilities etc were published as late as in February 2016. The 3D notifications in relation to the same. Were published one year thereafter ,i.e. February 2017. Notably however, the Authority had failed to prepare the Compensation estimates in relation to the said land even as of this date.

d. Hindrances: The land which the Authority had otherwise formally handed over to the Concessionaire, was yet to be hindrance-free at all locations till as late as in early-mid 2017.

Further, in view of the above paras and in the absence of the revised estimates, amortisation of the project for the year under report has been carried out by using the earlier estimated toll revenues.

In view of the above paras, management is of the opinion that no provision for impairment is required at present.

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34 Company's ability to continue as Going Concern:

Financial Statements of the Company have been prepared on going concern basis, despite substantially lower toll revenues, losses incurred, non payment of interest dues and repayment of installments to the lenders and termination notices issued by the Company and counter intention to termination notice received from NHAI. Based on the legal opinions obtained, the management is confident of settling the dues payable to the lenders and there would not be any material financial impact on the realisability of the amounts recoverable.The Company has issued "Termination Notice for Force Majeure (Political Event)" on 27th March, 2019.

"If Termination is on account of a Political Event, the Authority shall make a Termination Payment to the Concessionaire in an amount that would be payable under Clause 37.3.2 as if it were an Authority Default."
"Clause 37.3.2 Upon Termination on account of an Authority Default, the Authority shall pay to the Concessionaire, by way of Termination Payment, an amount equal to:

(c) Debt Due; and
(d) 150% (one hundred and fifty per cent) of the Adjusted Equity."

As per the Clause 37.3.2 The Termination Payment payable to smtl by the Authority aggregates to Rs. 2,481.70 Cr which includes 1,572.05 cr to all the Lenders and 909.65 cr to the Sponsor's. Hence it is a going concern

M. BHASKARA RAO & Co., Chartered Accountants, HYD.

35 Confirmation of Balances - Secured Term Loan Lenders - Banks and Financial Institutions

Lenders of the Company have classified the borrowings to the Company as non performing assets in the earlier years, in view of the company's non compliance to debt servicing obligations as per the contracted terms. However, the lender's have not called back the loans and the Company is negotiating with the banks for smooth settlement. Consequently, these lenders have stopped issuing confirmation balances. Most of the lenders have also stopped furnishing the statement of accounts. In view of the same, the Company has recognised the interest and other financial costs in accordance with the contract terms. Differences, if any, between the carrying value of liabilites in the books of account and the claims by the respective lenders, would be recognised in the year of final settlement.

36 Intangible Assets under development:

Construction / laying of the balance carriage way is under progress and pending certifications from Independent Engineer appointed by NHAI, no EPC Cost have been recognised. However, direct costs attributable to the Project and entitled for capitalisation have been transferred to Intangible Assets Under Development.

37 In the opinion of the Board, the current assets, loans & advances, have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

38 There were no litigation pending against the company which could be materially impact its financial position as at the end of the year.

39 Previous year figures have been re-grouped, re-worked and re-classified wherever necessary, to make them comparable with current year figures

For M. BHASKARA RAO & CO.
Chartered Accountants
Firm Registration No. 000459S

M. BHASKARA RAO & CO. Chartered Accountants HYD.

V K Muralidhar
Partner
Membership No. 201570

Place: Hyderabad
Date: 22.05.2019

For and on behalf of the Board

T. RAJIV REDDY
Managing Director
DIN: 06859435

T.V SANDEEP KUMAR REDDY
Director
DIN: 00005573

K.Vijay Kumar

K.Vijay Kumar
Chief Financial Officer

Radha Supriya

J. Radha Supriya
Company Sectretary