NATIONAL HIGHWAYS AUTHORITY OF INDIA

(An Autonomous Body under the Ministry of Road Transport & Highways, Government of India)

(Constituted on June 15, 1989 by an Act of Parliament - The National Highways Authority of India Act, 1988)

Head Office: G - 5 & 6, Sector 10, Dwarka, New Delhi- 110075; Tel: +91 11 2507 4100/4200; Fax: +91 11 2509 3507
Website: www.nhai.gov.in;
Compliance Officer: Mr. S. Q. Ahmad, General Manager (Finance); Tel.: +91 25074100/200, Extension: 1306, Fax: +91 11 25076507;
E-mail: bharatmalabonds@nhai.org

PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER" OR "AUTHORITY") OF TAXABLE, SECURED, REDEEMABLE, NON- CONVERTIBLE BONDS OF FACE VALUE OF Rs. 1,000 EACH IN THE NATURE OF DEBENTURES ("BONDS") NOT EXCEEDING AN AGGREGATE AMOUNT OF Rs. 10,000 CRORE ("SHELF LIMIT") BY WAY OF ISSUANCE OF BONDS IN ONE OR MORE TRANCHES (EACH "TRANCHE ISSUE", AND TOGETHER ALL TRANCHE ISSUES UP TO THE SHELF LIMIT, "ISSUE"). EACH TRANCHE ISSUE WILL BE OFFERED BY WAY OF A TRANCHE PROSPECTUS CONTAINING, INTER ALIA, THE TERMS AND CONDITIONS OF SUCH TRANCHE ISSUE ("TRANCHE PROSPECTUS"), WHICH SHOULD BE READ TOGETHER WITH THE SHELF PROSPECTUS OF THE ISSUE. THE SHELF PROSPECTUS TOGETHER WITH THE RELEVANT TRANCHE PROSPECTUS FOR A SPECIFIC TRANCHE ISSUE SHALL CONSTITUTE THE "PROSPECTUS".

The Issue is being made under the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time ("**SEBI Debt Regulations**").

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to the Issue. For taking an investment decision, Investors must rely on their own examination of the Issuer and the Issue including the risks involved. Investors are advised to refer to section "Risk Factors" beginning on page 12 of this Draft Shelf Prospectus and "Recent Developments" in the relevant Tranche Prospectus of any Tranche Issue before making an investment in such Tranche Issue. This Draft Shelf Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Shelf Prospectus read together with the Shelf Prospectus and the relevant Tranche Prospectus contains and will contain all information with regard to the Issuer and the relevant TrancheIssue, which is material in the context of the Issue, that the information contained in this Draft Shelf Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Shelf Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect at the time of relevant Tranche Prospectus.

CREDIT RATINGS

The Bonds proposed to be issued under this Issue have been rated IND AAA"; Outlook: Stable by IRRPL vide their letter dated August 16, 2018, "CARE AAA"; Stable by CARE vide their letter dated August 10, 2018, "[ICRA] AAA" with Stable Outlook by ICRA vide their letter dated August 10, 2018 and "CRISIL AAA/Stable" by CRISIL vide their letter dated August 17, 2018. Instruments with these ratings are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings. For further details, please refer to Appendix - III of this Draft Shelf Prospectus, for rationale for the above ratings.

COUPON RATE, COUPON PAYMENT FREQUENCY, MATURITY DATE, MATURITY AMOUNT OF THE BONDS AND ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Maturity Date and Maturity Amount of the Bonds, please refer to the chapter ***"Terms of the Issue"*** on page 136. Please refer to page 147 for eligible investors.

PUBLIC COMMENTS

This Draft Shelf Prospectus dated November 16, 2018 has been filed with the BSE ("Designated Stock Exchange") and NSE pursuant to the provisions of the SEBI Debt Regulations. This Draft Shelf Prospectus is open for public comments. All comments on this Draft Shelf Prospectus are to be forwarded to the attention of the Compliance Officer of NHAI. All comments from the public must be received by NHAI within 7 (seven) working days (i.e. upto 5 P.M. Indian Standard Time on such seventh working day) from the date of filing of this Draft Shelf Prospectus with the Designated Stock Exchange. Comments may be sent through post, facsimile or e-mail.

LISTING

The Bondsoffered through this Draft Shelf Prospectusalong with Shelf Prospectus and relevant Tranchesare proposed to be listed on the BSE and NSE. The Designated Stock Exchange for the purpose of this Issue is BSE. We have received in-principle approval for listing from [•] and [•] vide their letters no. [•] and [•] dated [•] and [•] respectively.

LEAD MANAGER TO THE ISSUE

EDELWEISS FINANCIAL SERVICES LIMITED Edelweiss House, Off CST Road, Kalina, Mumbai-400098 Tel.: +91 22 4086 3535 Facsimile: +91 22 4086 3610 Email: Bharatmala.Bonds@edelweissfin.com Website: www.edelweissfin.com Investor Grievance E-mail: customerservice.mb@edelweissfin.com Contact Person: Mr. Mandeep Singh/Mr. Lokesh Singhi SEBI Registration No: INM0000010650	**A. K. CAPITAL SERVICES LIMITED** 30-39 Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai 400021 Tel: +91 22 6754 6500 Facsimile: +91 226610 0594 Email: nhaincd2018@akgroup.co.in Website: www.akgroup.co.in Investor Grievance E-mail: investor.grievance@akgroup.co.in Contact Person: Ms. Shilpa Pandey/ Mr. Malay Shah SEBI Registration No: INM000010411	**AXIS BANK LIMTIED** Axis House, 8th Floor, C-2, Wadia Intenational Centre, P.B. Marg, Worli, Mumbai – 400 025 Tel: +91 22 66043293 Fascimile: +91 22 24253800 E-mail: nhai.july2018@axisbank.com Website: www.axisbank.com Investor Grievance E-mail: investor.grievance@axisbank.com Contact Person: Mr. Vikas Shinde SEBI Registration No.: INM000006104	**SBI CAPITAL MARKETS LIMITED** 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005 Tel.: +91 2222178300 Facsimile: +91 2222188332 E-mail: bharatmalabonds@sbicaps.com Website: www.sbicaps.com Investor Grievance Email: investor.relations@sbicaps.com Contact Person: Mr. Vivek Khurana SEBI Registration No.: INM000003531	**TRUST INVESTMENT ADVISORS PRIVATE LIMITED** 109 &110, First Floor, Balarama Premises Cooperative Society, Village Parigkhari, Bandra Kurla Complex, Bandra (E), Mumbai Maharshtra-40005 Tel: +91 22 4084 5000 Facsimile: +91 22 4084 5007 E-mail: Trust.Bharatmala@trustgroup.in Website: www. trustgroup.in Investor Grievance Email: customercare@trustgroup.in E-mail: customercare@trustgroup.in Contact Person: Ms. HetalSonpal SEBI Registration No.: INM000011120

REGISTRAR TO THE ISSUE	TRUSTEE FOR THE BONDHOLDERS**
KARVY COMPUTERSHARE PRIVATE LIMITED Karvy Selenium Tower, B, Plot No. 31 – 32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 Email: einward.ris@karvy.com Investor Grievance Email: nhai.bond@karvy.com Website: www.karisma.karvy.com Contact Person: Mr. Murli Krishna M. SEBI Registration No.: INR000000221	**VISTRA ITCL (INDIA) LIMITED** The IL&FS Financial Centre Plot C-22, G-Block, 7th Floor, Bandra Kurla Complex Bandra East, Mumbai - 400 051 Tel: +91 (022) 28593150 Fax: +91 (022) 2653297 Website: www.vistraitcl.com Investor Grievance Email: itclcomplianceofficer@vistra.com E-mail: itclcomplianceofficer@vistra.com Contact Person: Mr. Jatin Chunani SEBI Regn No: IND000000578

ISSUE PROGRAMME#

ISSUE OPENS ON	ISSUE CLOSES ON
(AS SPECIFIED IN THE RELEVANT TRANCHE PROSPECTUS)	(AS SPECIFIED IN THE RELEVANT TRANCHE PROSPECTUS)

\# *The Issue shall remain openforsubscriptionon Working Days from10:00 A.M. to 5:00 P.M. (Indian Standard Time) during the period indicatedin the relevant Tranche Prospectus, with an option for early closure or extension as may be decided by the Board of Members of the Issuer or duly constituted committee of the Issuer (the "Bond Committee) thereof, subject to necessary approvals. In the event of such early closure or extension of the subscription period of the Issue, the Issuer shall ensure that the notice of such early closure or extensionis given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or initial date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10 A.M.to 3:00 P.M. (Indian Standard Time) and uploaded upto5:00 P.M. or such extended time as may be permitted by the Stock Exchanges. For further details please refer to our section titled **"General Information"** on page 41.*

** *Vistra ITCL (India) Limited vide its letter No. 5829 dated July 31, 2018 has given its consent for its appointment as Bond Trustee to the Issue pursuant to regulation 4(4) of the Debt Listing Regulations and for its name to be included in this Draft Shelf Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued pursuant to this Issue.*

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SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS

This Draft Shelf Prospectus uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meaning as provided below. References to statutes, rules, regulations, guidelinesor policies will be deemed to include all amendments and modifications notified thereto.

NHAI Related Terms

TERM	DESCRIPTION
"Issuer", "NHAI", "Authority" "we", or "us", "our"	National Highways Authority of India, an autonomous body under the Ministry of Road Transport & Highways, GoI, established under Section 3 of the National Highways Authority of India Act, 1988 having a perpetual succession and common seal.
Board of Members/Board/ Members/ Members of the Board	Members of the Authority
Head Office	Head office of National Highways Authority of India situated at G - 5 & 6, Sector 10, Dwarka, New Delhi – 110075, India.
Auditor	CAG is the statutory auditor of NHAI.
SPV/SPVs/Special Purpose Vehicle	SPV/SPVs or Special Purpose Vehicle shall mean jointly or individually, all those SPVs of the Issuer as further described in the Chapter History, Main Objects and Certain Corporate Matters.
Subsidiaries	SPVs wherein shareholding of more than 50% is held by NHAI, namely, (i) Ahmedabad-Vadodara Expressway Company Limited, (ii) Mormugao Port Road Company Limited, (iii) Vishakhapatnam Port Road Company Limited, (iv) Calcutta-Haldia Port Road Company Limited, (v) Cochin Port Road Company Limited, (vi) Tuticorin Port Road Company Limited, (vii) Paradip Port Road Company Limited, (viii)New Mangalore Port Road Company Limited,(ix) Moradabad Toll Road Company Limited, all incorporated as Public Limited Companies under the Companies Act, 1956.

-Issue related terms-

TERM	DESCRIPTION
Allotment/Allot/Allotted	Unless the context otherwise requires, the allotment of Bonds to the successful Applicants in relation to any Tranche Issue.
Allottee(s)	Successful Applicant(s) towhom Bonds for any Tranche Issue have been allotted pursuant to the Issue, either in full or in part.
Allotment Advice	The communication sent to the Allottees conveying the details of Bonds allotted to the Allottees in accordance with the Basis of Allotment.
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Applicant/Investor	Any person who applies for Allotment of Bonds pursuant to the terms of the Shelf prospectus, relevant Tranche Prospectus and Application Form for any Tranche Issue
Application	An application to subscribe to Bondsoffered pursuant to the Issue bysubmission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under the Shelf Prospectus and the respective Tranche Prospectus.
Application Amount	The aggregate value of the Bonds applied for by the Applicant, as indicated in the Application Form for any Tranche Issue
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for Allotment of Bonds pursuant to the terms of the relevant Tranche Prospectus for any Tranche Issue.
Application Supported by Blocked Amount/ASBA/ ASBA Application	An Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the Application Amount in the specified bank account maintained with such SCSB.
ASBA Account	An account maintained with an SCSB which will be blocked by such SCSB to the

TERM	DESCRIPTION
	extent of the Application Amount mentioned in the Application Form of an ASBA Applicant.
ASBA Applicant / Applicant	Any applicant who applies for the Bonds through the ASBA mechanism.
Base Issue Size	The base issue size as specified in the respective Tranche Prospectus.
Basis of Allotment	The basis on which the Bonds will be allotted to successful Applicants under the Issue and which shall be described in *"**Issue Procedure – Basis of Allotment**"* as specified in the relevant Tranche Prospectus.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for Members of the Consortium, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Broker Centres	Broker centres notified by the Stock Exchange where Applicants can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the website of BSE at www.bseindia.com and NSE at www.nseindia.com
Bond Certificate(s)	Certificates issued to the Bondholder(s) pursuant to rematerialisation of Bonds based on request from the Bondholder.
Bond Committee	The committee constituted through resolution dated February 15, 2018by the Board of Members of the Issuer.
Bondholder(s)	Any person holding the Bonds and whose name appears on the list of beneficial owners provided by the Depositories (in case of Bonds held in dematerialised form) or whose name appears in the Register of Bondholders maintained by the Issuer or by the Registrars or by any such person authorized by the Issuer in this behalf (in case of Bonds held in physical form, pursuant to rematerialisation).
Bonds/ Bharatmala Bonds	Taxable, secured, redeemable, non-convertible Bonds of Rs.1,000.00 each in the nature of debentures proposed to be issued by NHAI pursuant to the terms of the Shelf Prospectus and the relevant Tranche Prospectus.
Category I	• Public Financial Institutions, Scheduled Commercial Banks, Indian multilateral and bilateral Development Financial Institutions, which are authorised to invest in the Bonds; • Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore, superannuation funds and gratuity funds, which are authorised to invest in the Bonds; • Resident Venture Capital Funds / Alternative Investment Funds registered with SEBI; • Insurance companies registered with IRDA; • State Industrial Development corporations; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; • Insurance Funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India; • Systemically Important Non-Banking Financial Companies, non-banking financial companies registered with the Reserve Bank of India and having a net worth of more than Rs. 50,000 lakh as per the last audited financial statements; and • Mutual Funds registered with SEBI.
Category II	• Companies within the meaning of section 2(20) of the Companies Act, 2013; • Statutory bodies/corporations / societies registered under applicable laws in India and authorized to invest in the Bonds; • Cooperative Banks and Regional Rural Banks; • Trusts including public/ private charitable/religious trusts which are authorized to invest in the Bonds; • Scientific and/or industrial research organisations, which are authorized to invest in the Bonds; • Limited liability partnerships formed and registered under the provisions of the Limited LiabilityPartnership Act, 2008 (No. 6 of 2009);

TERM	DESCRIPTION
	• Partnership firms in the name of partners; • Association of persons; and • Any other legal entities incorporated in India or unincorporated body of persons authorised to invest in the Bonds.
Category III	The following investors applying for an amount aggregating to above Rs.10.00 lakh across all series in each Tranche Issue • Resident Indian individuals; and • Hindu Undivided Families through the Karta.
Category IV	The following investors applying for an amount aggregating and including Rs.10.00 lakh across all series in each Tranche Issue • Resident Indian individuals; and • Hindu Undivided Families through the Karta.
CDSL Agreement	Tripartite agreement dated November 22, 2013 among NHAI, Karvy Computer Share Private Limited and CDSL for offering depository option to the Bondholders.
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
“Collecting Depository Participant” or “CDP”	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications in the Issue, at the Designated CDP Locations.
Consolidated Bond Certificate	In case of Bonds rematerialised by the Bondholder, a single certificate will be issued to the Bondholder for the aggregate face value amount for each Series of Bonds allotted to him under the Tranche Issues.
Lead Brokers	As specified in the relevant Tranche Prospectus.
Credit Rating Agencies	Credit Rating Agencies include IRRPL, CARE, ICRA and CRISIL.
Debenture Trust Deed/Bond Trust Deed	Bond Trust Deed to be entered into between the Bond Trustee and NHAIwhich shall be executed within the time limit prescribed by applicable statutory and/or regulatory bodies, for creating appropriate security, in favour of the Bond Trustee on behalf of the Bond Holders on the assets adequate to ensure 100% asset cover for the principalamount and the interest of the Bonds.
Debenture Trustee/Bond Trustee/ Trustee	Trustees for the Bondholders, in this case being Vistra ITCL (India) Limited.
Debt Listing Agreement	The Listing Agreement entered into between the Issuer and the relevant stock exchange(s) in connection with the listing of the Bonds.
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Members of the Board of the Issuer or Bond Committee thereof approves the Allotment of the Bonds for each Tranche Issue or such date as may be determined by the Members of the Board of the Issuer or Bond Committee thereof and notified to the Stock Exchange(s). All benefits relating to the Bonds including interest on Bonds (as specified for each Tranche Issue by way of Tranche Prospectus) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
Default	Defaults as listed in the section “**Terms of the Issue**” in the relevant Tranche Prospectus read with the Bond Trust Deed.
Demographic Details	The demographic details of an Applicant, such as his address, bank account details, category, PAN etc. for printing on refund stationery based on the details provided by the Applicant in the Application Form.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications, a list of which is available at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or such other website as may be prescribed by the SEBI from time to time.
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the website of BSE at www.bseindia.com and NSE at www.nseindia.com.

TERM	DESCRIPTION
Designated Date	The date, on or after the approval of the Basis of Allotment by the Designated Stock Exchange, on which instructions are given for transfer of funds blocked by SCSBs in ASBA accounts to the Public Issue Account.
Designated Intermediaries	The Lead Brokers, Registered Brokers, SCSBs, CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the ASBA Forms to RTAs, a list of which, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the website of BSE at www.bseindia.com and NSE at www.nseindia.com.
Depository(ies)	NSDL and CDSL
Designated Stock Exchange	BSE Limited
Direct Online Application	Applications made through an online interface maintained by the Stock Exchange/s enabling direct application by investors to a public issue of their debt securities with an online payment facility in terms of circular no. CIR/IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI. For further details please refer to the Section titled ***"Issue Procedure"*** on page 151.
DP/Depository Participant	A depository participant as defined under the Depositories Act, 1996.
Draft Shelf Prospectus	The draft shelf prospectus dated November 16, 2018 filed by NHAI with the Designated Stock Exchange for public comments and with SEBI in accordance with the provisions of SEBI Debt Regulations.
Interest Payment Date	As specified in the relevant Tranche Prospectus for a particular Series of Bonds.
Issue	Public issue of taxable, secured, redeemable, non-convertible bonds of face value of Rs. 1,000.00 each in the nature of debentures not exceeding an aggregate amount of Rs. 10,000.00 Crore by way of one or more Tranches.
Issue Period	The period between the Tranche Issue Opening Date and the Tranche Issue Closing Date (inclusive of both days) and during which Applicants can submit their Applications as specified in the respective Tranche Prospectus.
Issue Closing Date	Issue Closing Date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue.
Issue Opening Date	Issue Opening Date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue.
Lead Managers/Lead Managers to the Issue	Edelweiss Financial Services Limited, A. K. Capital Services Limited, Axis Bank Limited, SBI Capital Markets Limited and Trust Investment Advisors Private Limited.
Limited Review	Limited Review means review of the financials of NHAI for year ending on March 31, 2018 by PSMG &Associates, Chartered Accountants.
Market Lot	One Bond of the value of Rs. 1,000.00 each.
National Highway(s)	National Highways mean the highways specified in schedule of NH Act pursuant to a declaration to that effect being made by Central Government under Section 2 of NH Act.
NSDL Agreement	Tripartite agreement dated November 25, 2013 among NHAI, Karvy Computershare Private Limited and NSDL, executed for offering depository services to the Bondholders.
Prospectus	The Shelf Prospectus read with the Tranche Prospectus for the relevant Tranche Issue.
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies from the SCSBs on the Designated Date.
Public Issue Account Agreement	Agreement to be entered into by the NHAI, the Registrar to the Issue, the Lead Managers, Public Issue Account Bank and the Refund Bank.
Public Issue Account Bank	The bank with whom the Public Issue Account will be opened by the Issuer.
Record Date	The record date for the purpose of Coupon/ Interest Payment or the Maturity/ Redemption Amount shall be 15 days prior to the date on which such amount is due and payableto the holders of the Bonds. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the record date and the date of redemption. In the event the Record Date falls on a Sunday or holiday

TERM	DESCRIPTION
	of the Depositories, the succeeding working day or a date notified by the Issuer to the Stock Exchanges shall be considered as Record Date.
Redemption Amount/Maturity Amount	Repayment of the face value plus any interest that may have accrued on the Redemption Date.
Redemption Date/Maturity Date	The date on which the Bonds will be redeemed as specified in the relevant Tranche Prospectus.
Reformatted Audited Financial Statements	The reformatted statement of asstes and liabilities of NHAI as at March 31, 2017, March 31, 2016, March 31, 2015, March 2014 and March 31, 2013 and related reformatted statement of profit and loss for the fiscial years ended March 31, 2017, 2016, 2015, 2014 and 2013 and reformatted statement of cash flow for the years ended 2017, 2016, 2015, 2014 and 2013 as examined by PSMG & Associates, Chartered Accountants the Auditors for the Issue. Our audited standalone financial statements as at and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 form the basis for such Reformatted Financial Information.
Refund Account	The account opened with the Refund Bank
Refund Bank	As specified in the relevant Tranche Prospectus
Registrar to the Issue or Registrar	Registrar to the Issue, in this case being Karvy Computershare Private Limited.
Register of Bondholders	The register of Bondholders maintained by NHAI at its head office (or such other place as permitted by law) or the Registrar containing the particulars of the legal owners of the Bonds of NHAI held in physical form (pursuant to rematerialisation).
Registrar Agreement	Agreement dated September 25, 2018 entered into between NHAI and the Registrar to the Issue.
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the Lead Brokers who are eligible to procure Applications from Applicants.
Residual Shelf Limit	In relation to each Tranche Issue, this shall be the Shelf Limit less the aggregate amount of Bonds allotted under all previous Tranche Issue(s)under the Shelf Prospectus.
Security	The Bonds shall rank *pari passu inter-se* and shall be secured by way of first paripassu charge on the fixed assets of NHAI, as mentioned in the Bond Trust Deed to the extent of atleast100% of the amounts outstanding and interest accrued thereon in respect of the Bonds at any time. The mode of creation of security requires prior approval and authorization from the Government of India. The Issuer has received the no-objection certificate from the Government of India in respect thereof.
Self Certified Syndicate Banks or SCSBs	The banks registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 as amended offering services in relation to ASBA, a list of which is available on www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time.
Series Bondholder(s)	A holder of the Bond(s) of a particular Series issued under a Tranche Issue.
Series of Bonds	A series of Bonds which are identical in all respects including, but not limited.to terms and conditions, listing and ISIN number and as further stated to be an individual Series in the relevant Tranche Prospectus.
Shelf Limit	The total aggregate limit of the Issue being Rs.10,000 crore to be issued by way of one or more Tranche Issues.
Shelf Prospectus	The shelf prospectus to be filed with SEBI and Stock Exchanges after incorporation of the comments received from the public on the Draft Shelf Prospectus, pursuant to the provisions of the SEBI Debt Regulations.
Stock Exchange(s)	BSE and NSE.
"Specified Cities" or "Specified Locations" or "Syndicate ASBA Application Locations"	Centres where the Members of the Syndicate shall accept ASBA Forms from Applicants, a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.

TERM	DESCRIPTION
Syndicate ASBA	An Application submitted by an ASBA Applicant through the Members of the Syndicate and Trading Members.
Syndicate or Members of the Syndicate	Collectively, the Lead Managers, the Lead Brokers, Registered Brokers and sub brokers for the Issue..
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate and/or Trading Members, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the Members of the Syndicate or Trading Members and a list of which is available *on* www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time.
Trading Member(s)	Individuals or companies registered with SEBI as "trading members" under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, and who hold the right to trade in stocks listed on stock exchanges, through which investors can buy or sell securities listed on stock exchanges, whose list is available on stock exchanges.
"Transaction Registration Slip" or "TRS"	The acknowledgement slip or document issued by any of the members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the Bonds.
Tranche Issue	Issue of Bonds as per the terms specified in a Tranche Prospectus.
Tranche Issue Closing Date/ Issue Closing Date	The date on which the Issue shall close for subscription and the prospective Applicants/ Investors shall not be allowed to submit their Application Forms thereafter, as specified in the relevant Tranche Prospectus or such other date as may be decided by the Board Members/ Bond Committee.
Tranche Issue Period/Issue Period	The period between the Issue Opening Date and Issue Closing Date inclusive of both days and excluding Saturdays, Sundays and public holidays in India, during which the prospective Applicants may submit their Application Forms as specified in the relevant Tranche Prospectus.
Tranche Issue Opening Date	The date on which the Issue shall open for subscription and the prospective Applicants/ Investors shall be allowed to submit their Application Forms as specified in the relevant Tranche Prospectus.
Tranche Prospectus	The tranche prospectus containing the details of Bonds including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts and documents for inspection of the relevant Tranche Issue.
Transaction Documents	The Draft Shelf Prospectus, Shelf Prospectus, the Tranche Prospectus(es) read with any notices, corrigenda, addenda thereto, the Bond Trust Deed and other security documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by the Issuer with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Bond Trust Deed, the Bond Trustee Agreement, the Public Issue Account Agreement, the MoU with the Registrar and the MoU with the Lead Managers, NSDL Agreement, CDSL Agreementand the Lead Broker Agreement. Refer to section titled "***Material Contracts and Documents for Inspection***" on page 171 of this Draft Shelf Prospectus.
Tripartite Agreements	The NSDL Agreement and the CDSL Agreement.
Trustee Agreement/ Bond Trustee Agreement/ Debenture Trustee Agreement	The Agreement dated September 25, 2018 executed between Bond Trustee and the Issuer.
Working Days	All days, excluding Sundays or a holiday of commercial banks or a public holiday in Delhi or Mumbai, except with reference to Issue Period and Record Date, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue Period, i.e. period beginning from Issue Closing Date to listing of the Bonds, Working Days shall mean all trading days of stock exchange(s) excluding Sundays or a holiday of commercial banks in Mumbai.

Technical and Industry related terms

TERM	DESCRIPTION
BOT	Build Operate and Transfer
CAG/C&AG	Comptroller and Auditor General of India
CGM	Chief General Manager
CMU	Corridor Management Unit
COD	Commercial Operation Date
DBFOT	Design Build Finance Operate and Transfer
DGM	Deputy General Manager
EoT	Extension of Time
EPC	Engineering Procurement & Construction
GM	General Manager
MCA	Model Concession Agreement
N.A.	Not Applicable
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Programme
NOC	No Objection Certificate
OMT	Operate Maintain and Transfer
PIU/PIUs	Project Implementation Unit(s)
PPP	Public Private Partnership
RFP	Request for Proposal
RFQ	Request for Qualification
RO	Regional Office of Authority
ROB	Rail/Road Over Bridge
RT&H	Road Transport and Highways
Toll/User Fee	Means the charge levied on and payable for a vehicle using the project highway or a part thereof in accordance with the Fee Notification
TOT	Toll-Operate-Transfer

General and Conventional terms and Abbreviations

TERM	DESCRIPTION
Act/NHAI Act	National Highways Authority of India Act, 1988, as amended
ADB	Asian Development Bank
AS	Indian Accounting Standard as issued by ICAI
BSE	BSE Limited
CARE	CARE Ratings Limited
CBDT	Central Board of Direct Taxes
CCEA	Cabinet Committee on Economic Affairs
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 2013 as amended from time to time and Companies Act, 1956 to the extent applicable
CPI	Consumer Price Index
CRF Act	Central Road Fund Act, 2000
CRISIL	CRISIL Limited
Debt Application Circular	SEBI Circular No. CIR/IMD/DF-1/20/2012) dated July 27, 2012.
DP ID	Depository Participant’s Identification
Depository/(ies)	NSDL and CDSL
DRR	Debenture Redemption Reserve

TERM	DESCRIPTION
EPS	Earnings per Share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FIDIC	Federation Internationale Des Ingenieurs – Conseils
FEDAI	Foreign Exchange Dealers Association of India
FEMA	Foreign Exchange Management Act, 1999
FI	Financial Institution
FY/Financial Year/ Fiscal	12 months period commencing on April 1 of the immediately preceding calendar year and ended on March 31 of that year
GoI/Government/Central Government/Union of India	Government of India
IAS	Indian Administrative Services
ICAI	Institute of Chartered Accountants of India
IRRPL	India Rating & Research Private Limited
Indian GAAP	Generally accepted accounting principles in India
Income Tax Act/IT Act	The Income Tax Act, 1961, as amended
IT	Information Technology
ISIN	International Securities Identification Number
JBIC	Japanese Board of Industry and Commerce
JV	Joint Venture
Km/km	Kilometers
MoU	Memorandum of Understanding
MoF	Ministry of Finance, Government of India
MoRTH	Ministry of Road Transport and Highways
NAV	Net Asset Value
NECS	National Electronic Clearing Service
NEFT	National Electronic Funds Transfer
NH Act	National Highways Act, 1956
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit before Tax
PFI/Public Financial Institution	Public Financial Institution, as defined under sub-section 72 of Section 2 of the Companies Act, 2013
PSU	Public Sector Undertaking
Rs./Rupees/INR/Indian Rupee	The lawful currency of the Republic of India
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
RBI Regulations	Rules, regulations, circulars or notifications issued by RBI
Retd.	Retired
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
SCRA	The Securities Contract (Regulation) Act, 1956, as amended
SCRR	The Securities Contract (Regulation) Rules, 1957, as amended
SEBI Act, 1992	The Securities and Exchange Board of India Act, 1992, as amended
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended
TDS	Tax Deductedat Source

TERM	DESCRIPTION
UNCITRAL	United Nation Commission on International Trade Law
$/USD	United States Dollar
WPI	Wholesale Price Index
€/Euro	Euro, the official currency of the European Union

PRESENTATION OF FINANCIAL INFORMATION AND MARKET DATA

NHAI prepares its financial statements in Rupees in accordance with NHAI Act. Industry and market share data in this Draft Shelf Prospectus isderived by the Authority from the Government sourceswhere applicable. Indian economic data in this Draft Shelf Prospectus is derived from data of industry publications and Governmental sources and other sources. Certain financial and statistical figures have been rounded to the nearest tenth of a decimal place.

Unlessstated otherwise, the financial information used in this Draft Shelf Prospectus is derived from NHAI's unconsolidated audited financial statements as of March31for the years ended 2017, 2016, 2015, 2014 and 2013and limited review for financial year 2017-18 as disclosed to Stock Exchanges, prepared inaccordance with the applicable regulations. The financial year of NHAI commences on April 1 and ends on March 31 of the next year, so all references to particular "Financial year", "Fiscal year" and "Fiscal" or "FY", unless stated otherwise, are to the 12 months' period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that year.

Market and Industry Data

Market and industry data used in this Draft Shelf Prospectus, has been obtained from industry publications and Governmental sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable. Although NHAI believes that market data used in this Draft Shelf Prospectus is reliable, it has not been independently verified and hence its accuracy and completeness cannot be guaranteed.

Exchange Rate

For the purpose of conversion of figures appearing in USD and Euro in this Draft Shelf Prospectus, other than the financial information of the Issuer, the exchange rates for the previous five Fiscals as on March 31 for USD and Euro into Rupees are as follows:

Currency	**Exchange Rates *(in Rs.)***					
	March 28, 2013^	**March 28, 2014^**	**March 31, 2015**	**March 31, 2016**	**March 31, 2017**	**March 28, 2018^**
USD*	54.39	60.10	62.59	66.33	64.84	65.04
Euro*	69.54	82.58	67.51	75.10	69.25	80.62

***** *Source:www.rbi.org.in*

^ *Whereever March 31 was a trading holiday/sunday, the exchange rate prevailing on the last working day has been taken*.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Shelf Prospectus that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "seek", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Draft Shelf Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Growth prospects of the Indian infrastructure sector and related policy developments;
- General, political, economic, social and business conditions in Indian and other global markets;
- Our ability to successfully implement our strategy, growth and expansion plans;
- Availability of adequate debt and Government funding at reasonable terms;
- Performance of the Indian capital markets;
- The outcome of any legal or regulatory proceedings we are or may become a party to;
- Changes in laws and regulations applicable to infrastructure industry in India, including the Government's budgetary allocation for the same.; and
- Other factors discussed in this Draft Shelf Prospectus, including under "***Risk Factors***" on page 12 of this Draft Shelf Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the chapter "***Risk Factors***" and "***Our Business***" on page 12 and 74 respectively, of this Draft Shelf Prospectus. The forward-looking statements contained in this Draft Shelf Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Neither the Lead Managers, the Issuer, our Membersand Officers nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or toreflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

SECTION II –RISK FACTORS

Prospective investors should carefully consider all the information in this Draft Shelf Prospectus including all the risks and uncertainties described below and under the chapter ***"Our Business"*** *on page 74 and under the section* ***"Financial Information"*** *as* Appendix – I *of this Draft Shelf Prospectus in addition to the other information contained in this Draft Shelf Prospectus before making any investment decision in the Bonds. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on results of our operation and physical execution. If any of the following risks or other risks that are not currently known or are deemed immaterial at this time, actually occur, results of our operation could suffer, the trading price of the Bonds could decline and you may lose all or part of your redemption amounts and/or interest amounts. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. The order of the risk factors appearing hereunder is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Prospective Investors should consult their tax, financial and legal advisors about the particular consequences of investment in the Bonds. Unless the context requires otherwise, the risk factors described below apply to us/our operations only.*

This Draft Shelf Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Shelf Prospectus.

Potential Investors must rely on their own examination of NHAI and of this Issue, including the risks and uncertainties involved. Unless otherwise stated, our financial information used in this section is derived from our Reformatted Audited Financial Statements.

Internal risks

1. NHAI is presently involved in a number of civil proceedings, including arbitration and consumer cases. In the event these cases are decided against us or failure by us to adequately recover our claims against the other parties for payment may increase the construction cost of our projects.

NHAI is party to various legal proceedingsand claimswhich are pending at different levels of adjudication before various courts and tribunals. These legal proceedings include civil suits, arbitration proceedings and matters pertaining to land acquisitionand environment claims. If any new developments arise, for example, a change in Indian law or rulings against us by the appellate courts or tribunals, we may face increase in cost of construction which could increase our expenditure for that particular project. Further, there is no assurance that similar proceedings will not be initiated against us in the future. Also, NHAI may need to make provisions in its financial statements, to reflect its increased expenses and liabilities. Additionally, the Central Government has made a direction to all concerned entities, including the Issuer, that in relation to arbitration proceedings where the Issuer is challenging the arbitral awards, it should make a payment of up to 75 per cent. of the amount claimed against a bank guarantee pending final adjudication of the appeal proceedings. NHAI has started accepting claims under this scheme on December 2016, the further implementation of this scheme may affect our financial condition and limit our ability to allocate its financial resources towards the implementation of its projects.

There is no assurance thatthese and othersimilar proceedings will not be decided against us in future and any adverse decision in such proceedings may have an adverse effect on our operations which could result in a larger outlay to meet our physical targets. For further details, please refer to chapter ***"Outstanding Litigation and Material Developments"*** on page 124 of this Draft Shelf Prospectus.

2. A change in Central Government's equity stake or a change in the administrative structure of the Issuer may adversely affect its operations.

NHAI is an Authority constituted by NHAI Act and it is wholly owned, controlled and administered by the Ministry of Road Transport and Highways, Government of India. 100 per cent of NHAI's equity is funded by the Government of India. Any change in the Government's shareholdings or any change in the structure of the Issuer could materially adversely affect the financial status and performance of the Issuer.

3. Our operations are significantly dependent on the funding received from the GoI and any delay or decrease in the funding plan by the GoI may adversely affect our operations.

Our operations are very capital intensive and any reduction in budgetary allocation of capital, funding or grants by GoI may materially affect our performance and asset generation capacity. Further, our growth plans are mainly determined by the amount of GoI support in the form of budgetary allocations and any adverse developments in the policy of GoI in the manner in which it seeks to address the development of the infrastructure needs of India will have a material and adverse effect on our operations. Also if the funding from GoI decreases or if there is any adverse change in the pattern of allocation of the cess collected by GoI or if there is a downturn in the macroeconomic environment in India or in sectors which are directly dependent on the road infrastructure, our results of operations and future performance could be materially and adversely affected.

4. Our operations are dependent on the policies of the Government, Central as well as State initiatives. Any lack of support in terms of regulatory initiatives will adversely affect our operations, as will any delayed response in policy alteration or other regulatory impediments, which will adversely affect our operations.

We believe that the development of India's infrastructure sector is dependent on formulation and effective implementation of State and Central Government programs and policies that facilitate and encourage private sector investment in infrastructure projects in India. Many of these programs and policies are developing and evolving and their success will depend on whether they are properly designed to address the issues facing infrastructure development in India and also whether they are effectively implemented. Additionally, these programs will need continued support from stable and experienced regulatory regimes that not only encourage the continued movement of private capital into infrastructure development but also lead to increased competition, appropriate allocation of risk, transparency, effective dispute resolution and more efficient and cost-effective services to the end-consumer. Additionally, policies of Central and State Governmentwhich mandate development in certain specific sectors, or areas, for instance rural, coastal, border, will affect our projects and operations. In the event that Central and State Government initiatives and regulations in the infrastructure industry do not proceed in the desired direction, results of our operations could be materially affected.

For instance, recently there has been a policy shift from EPC based projects to hybrid-annuity model for implementation of EPC projects. The government is keen to accelerate the pace of projects and is keen to experiment with new modes of financing which help fast track works and reduce the burden on developers and financial institutions. Earlier there was an inclination towards the EPC model due to reducing market response towards PPP Projects. Further, the economic down turn seen in the last few years has caused revenue realization at much lower rates than was anticipated for many companies in the road-construction business. Hence many projects under BOT elicited no response from bidders, as a policy response the GoI has mandated a shift away from BOT and the inclination is now towards the hybrid-annuity mode for implementation under PPP model. Further, the poor financial health of companies operating in the road sector may have an adverse impact on the pace of execution, hence, if this policy shift also succumbs to economic pressure it will materially adversely affect our operations.

5. Our operations may also get affected by change in broad economic parameters like an increase in prices of raw materials or shortages of raw materials which will lead to increase in the cost of construction of road projects.

Any change in broad economic parameters like prices of raw materials or a shortage of supply of raw materials may affect the financial viability of a project or cause delays in the implementation of a project. Additionally, EPC/PPP contracts may contain provisions where the payment made to the contractor will need to be adjusted as per the market indices such as the wholesale prices index or the consumer prices index in India. These adjustments may further increase per unit construction cost which may lead to increase in the overall costs of the road projects leading to affecting effectiveness and efficiency of completing the overall road project.

6. Our operations may also get affected due to inability to manage our growth and several operational impediments, which could disrupt our business and adversely affect cost of our project.

Our business has grown rapidly since we began our operations. We intend to continue to grow our operations, which could place significant demands on our operational, credit, financial and other internal risk controls. It may also exert pressure on the adequacy of our capitalization, making management of asset quality increasingly important. Our future plan is dependent on our ability to gather funding from GoI and other sources necessary for our growth. Adverse developments in the GoI policy or the Indian economy, such as the increase in interest rates which affect private sectorparticipation, may significantly increase our project costs and the overall cost of business. An inability to manage our growth effectively and failure to secure the required funding therefore on favourable terms, could have a material and adverse effect on cost of our projects and their physical execution.

7. Our operations are dependent on forecasting traffic volumes for the stretches of National Highways taken up as individual projects on which NHAI is directly or indirectly collecting Toll/User Fee by way of Toll Contracts. Any miscalculation or erroneous forecasting or lower actual traffic volume in future may affect capital contribution by GoI and consequently our physical execution may be adversely affected.

In some of our projects, User Fee generated from highway stretches tolled by NHAI is remitted to GoI and is received back by us in the form of capital which is a major contribution to our funding. Any material decrease between the actual traffic volume and the forecasted traffic volume on account of inaccurate forecasting or any other reason which may cause a difference between actual and forecasts may have a material adverse effect on our capital flows and physical performance.

During the Financial Year 2017-18, NHAI has deposited an amount of Rs.8,84,075 lakh including toll revenue in the Consolidated Fund of India. This amount excludes any amounts raised by the contractors/concessioners under our public private partnership ("PPP") projects. Toll revenues depend on toll receipts and are affected by changes in traffic volumes. Factors that affect traffic volumes include:

- toll rates;
- fuel prices in India;
- the affordability of automobiles;
- the quality, convenience and travel time on alternate routes outside our network;
- the availability of alternate means of transportation, including rail networks and air transport;
- the level of commercial, industrial and residential development in areas served by our projects;
- growth of the Indian economy;
- adverse weather conditions; and
- seasonal holidays.

Revenue from toll receipts is affected by traffic volume and tariff rates, both of which are beyond our control. The User Fee structure is laid down under National Highways (Rate of Fee) Rules, 1997 and National Highways Fee (Determination of Rates and Collection) Rules, 2008 as amended and is uniformly applicable. Reduced growth of traffic on account of economic slowdown, restrictions on mining, decline in manufacturing and exports may decrease our toll revenues. Further, any change in the applicable toll policies or other applicable laws which affects the category of vehicle, fuel, road safety etc. may lead to increase or decrease in the toll revenue and may affect our capital inflows thereby affecting our results of operations. Though not widespread this increases the risk profile of road projects resulting in sub optimal bid realisations. In the event of significant decrease in traffic volumes on such stretches of National Highways, the effect of which cannot be quantified monetarily, we may experience a corresponding decrease in the ploughed back capital we receive from GoI, which may reduce our future execution capabilities.

8. Leakage of traffic and toll collection may affect volume of collections and inflows which may in turn affect the ploughed back capital we receive from GoI and our future execution capabilities.

The toll receipts are primarily dependent on the integrity of toll collection systems and any leakage through toll evasion, fraud or technical faults in the same affects collections and inflowsand may affect the ploughed back capital which we receive from the GoI, which will reduce our future execution capabilities.

If toll collection is not properly monitored, leakage may reduce toll revenue. Although we have systems in place to minimize leakage through fraud and pilfering, any significant failure by us to control leakage in toll collection systems, though not quantifiable monetarily, could have a material adverse effect on our operations and prospects. Further, any leakage in the traffic from the non-access controlled stretches of National Highways, resulting in avoidance of payment of Toll/User Fee, may also adversely affect our operations. Further, there may be situations where the Toll Collection is disrupted or stopped due to public agitation which may result in lesser revenue collection by the Concessionaire/Contractor or by us. Any such disruption or stoppage of Toll collection will adversely affect revenue collections.

9. Fluctuations in interest rate and exchange rate on our external borrowings may adversely affect our operations.

As on September 30, 2018, we have outstanding multilateral external borrowings of Rs. 56,388.17 lakh from ADB. The final installment of such borrowings is payable on July 1, 2025. Further, this loan is not hedged for repayment of principal and interest and repayment of principal and interest is to be made in the foreign currency. Any increase in the interest rates and/or any adverse fluctuation in the exchange rates may increase the cost of borrowings, thereby increasing the overall costs of the relevant projects.

NHAI may raise further borrowings for funding various projects under NHDP and allied programmes. Any upsurge in domestic/international interest rates may have adverse impact on our cost of borrowings and projects.

For further information, please refer to chapter on "***Financial Indebtedness***" on page 111 of this Draft Shelf Prospectus.

10. Our financial condition and physical performance could be materially affected, if we do not complete our projects as planned or if our projects experience delay.

There may be a delay in implementation or completion of projects or a change of scope, due to factors beyond our control or the control of the contractors/ concessionaireslike delays or failures to obtain necessary permits, or authorizations. Delays in the completion of a project may lead to cost overruns. Such delay in completion of the projects may delay the commencement of our toll collections thereby affecting our operations and physical performance.

Further, the GoI grants loan to us for some of our projects. Any delay in the completion of the projects would trigger the delay mechanism in the underlying contract and contractual repercussions will follow.

We have experienced time and cost overruns in the past. Hence, our operations and financials will get adversely affected due to delay in completion of the projects resulting in increase in the costs for concessionaire and in some situations delay in accrual of revenue to us.

11. The Central Government can, pursuant to the powers vested in it under Section 32 of the NHAI Act supersede us.

If, at any time, the Central Government is of the opinion that (i) on account of a grave emergency, our business is unable to discharge the functions and duties imposed on it by or under the provisions of the NHAI Act; or (ii) we have persistently defaulted in complying with any direction issued by the Central Government under the NHAI Act;or(iii) in the discharge of the functions and duties imposed on it by or under the provisions of the NHAI Act; or (iv) circumstances exist which render it necessary in the public interest to do so, the Central Government may by notification in the Official Gazette, supersede us for such period, not exceeding one year, as provided in such notification.

Should the Central Government therefore exercise its power to supersede our business pursuant to the power vested in it under the NHAI Act, we may not be able to carry out ourbusiness which may impact ourfinancial condition or we may not be able to carry out our obligationsas may be required under this Issue.

12. Our business operations will be affected by shortcomings and failures in our internal processes and systems.

Our operationsare highly dependent on our ability to process and monitor a large number of projects. Our construction management, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, adversely affecting our ability to process these transactions. As we grow our business, the inability of our systems to accommodate an increasing volume of projects could also constrain our ability to expand our business. Additionally, shortcomings or failures in our internal processes or systems could lead to an impairment of our financial condition, financial loss, disruption of our business and reputational damage.

Our ability to operate will depend in part on our ability to maintain and upgrade our contract management systems and policies on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing requirements. Our failure to maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our operations.

We may also be subject to disruptions of our operating systems, arising from events that are wholly or partially beyond our control including, for example, computer viruses or electrical or telecommunication service disruptions, which may result in a loss or liability to us.

13. The Comptroller and Auditor General of India ("CAG") has expressed serious reservations regarding the maintenance of proper books of accounts and other relevant records by the Issuer.

In its audit report for Fiscal 2014, 2015,2016 and 2017, the CAG has expressed serious reservations regarding the maintenance of proper books of accounts and other relevant records by the Issuer. The CAG has observed, inter alia, that we have not followed the applicable accounting policies and have not maintained proper records in respect of the utilisation of project based borrowed funds. In their audit report for Fiscal 2014, the CAG noted, inter alia, that (i) the Issuer did not maintain records in respect of the utilisation of project-based borrowed funds and the total borrowed costs allocated to completed and incomplete projects could not be verified; (ii) the allocation of "net establishment expenses for the year" to completed projects was against generally accepted accounting principles; (iii) adjustments had not been made in the accounts for 16 road projects passed to concessionaires for upgrade and five other road projects transferred to State Governments; and (iv) depreciation had not been accounted for in stretches of highways of completed projects, leading to an overstatement of assets. The CAG also noted in their audit report for Fiscal 2015 that due to books of the Issuer not being maintained in a proper manner, there has been an overstatement of its fixed assets capital work in progress. In some instances the CAG was also not able to verify the capital work in progress due to the absence of project-based details of expenditure on ongoing as well as completed projects. The CAG has in their audit report for Fiscal 2015 and Fiscal 2014 stated that they are not able to provide an audit opinion as to whether the financial statements for these periods give a true and fair view in accordance with the generally accepted accounting principles in India.

In its audit report for Fiscal 2016, the CAG has provided an audit opinion that the balance sheet and profit and loss account give a true and fair view in conformity with the generally accepted accounting principles of India. However, the CAG has made a number of observations including. inter alia, statements that (i) NHAI has not maintained proper books of accounts and other relevant records; and (ii) certain statements made by us in the offering documents relating to the Tax Free Bonds (as defined below) were not complied with(iii) non-adherence to certain NHAI Rules; (iv) the need for the internal control systems to be strengthened; and (v) that there are some instances in which corrective action has not been taken.

The audit report for Fiscal 2017 also includes other observations from the CAG interalia (i) non-adherence to NHAI Rules; and (ii) that the Balance Sheet and Profit and Loss Account Statements have not been drawn up in the format approved by the Central Government.

14. Although we believe that we have complied with the undertakings provided by us in the issue documents of the Tax Free Bonds, the CAG in its audit report has remarked that that we have not complied with certain undertakings. In the event that it is determined by the trustee or otherwise that we have breached such undertakings, this could have a material adverse impact on our prospects, operations, financial condition and/or reputation.

We have issued the Tax Free Bonds and had provided certain undertakings in the issue documents for the Tax Free Bonds stating that (i) all proceeds received out of each tranche issue of the bonds to the public shall be transferred to a separate bank account; (ii) details of all proceeds utilised out of each tranche shall be disclosed under an appropriate separate heading in its balance sheet indicating the purpose for which such proceeds were utilised; and (iii) details of all unutilised proceeds from each tranche issue, if any, shall be disclosed under an appropriate separate head in its balance sheet indicating the form in which such unutilised proceeds have been invested. Under the terms of the Tax Free Bonds, it is an event of default if inter alia, any information provided by the Issuer in its issue documents and any other information furnished, and the warranties given or deemed to be given by us to the bondholders or the beneficial owners relating to the issue of the Tax Free Bonds is found to be misleading or incorrect in any material respect or any warranty is found to be incorrect.

We believe that we have complied with the undertaking to transfer proceeds from the offerings of the Tax Free Bonds to a separate bank account by crediting the issue proceeds to an escrow account established under the terms of the respective escrow agreements. The proceeds were further transferred to the NHAI Fund and the managers to the issue confirming execution of the respective security documents under the Tax Free Bonds.

The details of the respective escrow agreements along with details of transfer of proceeds are as provided below:

1. **For 2011 Tax Free Bonds:**

Escrow agreement dated 15 December 2011 entered into between NHAI, SBI Capital Markets Limited, A.K Capital Services Limited, ICICI Securities Limited, Kotak Mahindra Capital Company Limited, MCS Limited and State Bank of India, Axis Bank Limited, ICICI Bank Limited, Syndicate Bank Limited, Union Bank of India and HDFC Bank Limited.

Escrow bank	Escrow account number(s)	Date of credit into escrow account	Amount credited in INR	Date of transfer to the NHAI Fund
Axis Bank	(i) 911020066736591 (ii) 911020066736748 (iii) 911020066736832	28 December 2011 to 5 January 2012	31,150,852,000	7 February 2012
HDFC Bank	(i) 00030350015081 (ii) 00030350015106 (iii) 00030350015098	28 December 2011 to 5 January 2012	16,674,435,000	7 February 2012
ICICI Bank	(i) 000405100352 (ii) 000405100353 (iii) 000405100354	28 December 2011 to 5 January 2012	46,761,066,000	7 February 2012
State Bank of India	(i) 32107995792 (ii) 32107996525 (iii) 32107997132	28 December 2011 to 5 January 2012	4,036,184,000	7 February 2012
Syndicate Bank	(i) 90623170000046 (ii) 90623170000050 (iii) 90623170000065	28 December 2011 to 5 January 2012	618,040,000	7 February 2012
Union Bank	(i) 536401010000585 (ii) 536401010000583 (iii) 536401010000584	28 December 2011 to 5 January 2012	759,423,000	7 February 2012

2. For 2014 Tax Free Bonds:

Escrow agreement dated 9 January 2014 entered into between NHAI, Edelweiss Financial Services Limited, A. K. Capital Services Limited, Axis Capital Limited, ICICI Securities Limited, Axis Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IndusInd Bank Limited, IDBI Bank Limited, Syndicate Bank Limited and Karvy Computershare Private Limited.

Escrow bank	Escrow account number(s)	Date of credit into escrow account	Amount credited in INR	Date of transfer to the NHAI Fund
IndusInd Bank	(i) 200999371420 (ii) 200999371437	15 January 2014 to 27 January 2014	27,381,777,000	12 February 2014
Axis Bank	(i) 914020001457427 (ii) 914020001457621	15 January 2014 to 27 January 2014	4,441,969,000	12 February 2014
HDFC Bank	(i) 00030350018544 (ii) 00030350018554	15 January 2014 to 27 January 2014	3,288,555,000	12 February 2014
IDBI Bank	(i) 0127103000014234 (ii) 0127103000014243	15 January 2014 to 27 January 2014	80,262,000	12 February 2014
ICICI Bank	(i) 000405104456 (ii) 000405104457	15 January 2014 to 27 January 2014	1,791,437,000	12 February 2014

3. For 2016 Tax Free Bonds:

Escrow agreement dated October 20, 2015 entered into between NHAI, A. K. Capital Services Limited, SBI Capital Markets Limited, Axis Capital Limited, Edelweiss Financial Services Limited, ICICI Securities Limited, IndusInd Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, Axis Bank Limited, State Bank of India, Syndicate Bank Limited and Karvy Computershare Private Limited.

(a) 2016 Tax Free Bonds issued through tranche prospectus dated 11 December 2015

Escrow bank	Escrow account number(s)	Date of credit into escrow account	Amount credited in INR	Date of transfer to the NHAI Fund
Axis Bank	(i) 915020056420736 (ii) 915020056421373	17 December 2015 to 31 December 2015	5,890,467,000	14 January 2016
HDFC Bank	(i) 00030350022021 (ii) 00030350022031	17 December2015 to 31 December 2015	20,813,071,000	14 January 2016
IDBI Bank	(i) 0011103000013545 (ii) 0011103000013554	17 December 2015 to 31 December 2015	213,753,000	14 January 2016

Escrow bank	Escrow account number(s)	Date of credit into escrow account	Amount credited in INR	Date of transfer to the NHAI Fund
ICICI Bank	(i) 000405110068 (ii) 000405110067	17 December 2015 to 31 December 2015	21,456,244,000	14 January 2016
IndusInd Bank (Including ASBA)	(i) 201000264609 (ii) 201000264618	17 December 2015 to 31 December 2015	43,368,435,000	14 January 2016
State Bank of India	(i) 35344311018 (ii) 35344314756	17 December 2015 to 31 December 2015	8,255,330,000	14 January 2016
Syndicate Bank	(i) 90623170000104 (ii) 90623170000119	17 December 2015 to 31 December 2015	2,700,000	14 January 2016

(b) 2016 Tax Free Bonds issued through tranche prospectusdated 22 February 2016

Escrow bank	Escrow account number(s)	Date of credit into escrow account	Amount credited in INR	Date of transfer to the NHAI Fund
Axis Bank	(i) 915020056420736 (ii) 915020056421373	24 February 2016 to 26 February 2016	453,814,000	11 March 2016
HDFC Bank	(i) 00030350022021 (ii) 00030350022031	24 February 2016 to 26 February 2016	1,395,731,000	11 March 2016
IDBI Bank	(i) 0011103000013545 (ii) 0011103000013554	24 February 2016 to 26 February 2016	73,908,000	11 March 2016
ICICI Bank	(i) 00405110068 (ii) 000405110067	24 February 2016 to 26 February 2016	3,141,349,000	11 March 2016
IndusInd Bank (Including ASBA)	(i) 201000264609 (ii) 201000264618	24 February 2016 to 26 February 2016	22,541,132,000	11 March 2016
State Bank of India	(i) 35344311018 (ii) 35344314756	24 February 2016 to 26 February 2016	5,391,056,000	11 March 2016
Syndicate Bank	(i) 90623170000104 (ii) 90623170000119	24 February 2016 to 26 February 2016	3,010,000	11 March 2016

However, the CAG's observations in its audit reports for Fiscals 2013, 2014, 2015 and 2016 were that we have not complied with the above undertaking as no separate accounts were maintained by NHAI for the Tax Free Bonds. NHAI, in its management reply has provided responses to each of the remarks of the CAG. We believe that we have complied with the undertakings to provide details under an appropriate head in our balance sheet disclosing (a) the purpose for which the proceeds from the Tax Free Bonds have been utilised and (b) the details of investment of the unutilised proceeds from the Tax Free Bonds. Further, the proceeds from the Tax Free Bonds have been utilised for financing various projects implemented by us. This is in accordance with the objects of the issue provided under the issue documents for the Tax Free Bonds and therefore the requirement to disclose the use separately is satisfied as the utilisation of proceeds from the Tax Free Bonds have been disclosed as part of the capital work in progress in the balance sheet.

Further we believe that wehave complied with the undertaking in relation to providing the details of investment of the unutilised proceeds from each of the Tax Free Bonds in the financial statements by disclosing such investments as part of balances with scheduled banks in our balance sheet.

Therefore, we are of the opinion that we have duly complied with the undertakings provided by us under the Tax Free Bonds notwithstanding adverse remarks of the CAG.

In the event that it is determined by the relevant trustees under the Tax Free Bonds or otherwise that we have breached such undertakings, this could have a material adverse impact on our prospects, operations, financial condition and/or reputation. Such adverse material effect may include but is not limited to default, cross-default, acceleration and/or enforcement of the Tax Free Bonds and litigation and/or other disputes. As described above, any determination by the trustee under the relevant issue documents relating to the Tax Free Bonds that we had not complied with the terms of the Tax Free Bonds (as reported by the CAG) may result in an event of default being called by the trustee. If the trustee gives a notice of occurrence of an event of default, it may not be possible for us to cure such a breach which will result in an event of default occurring and may have a material adverse impact on our financial condition and reputation.

Further, in the audit reports for the year Fiscals 2014 and 2015, the CAG has also remarked that the response to the CAG's remarks provided in the notes to accounts of the financial statements were inadequate. The CAG further remarked that the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") provide that if an auditor, in his audit report, in respect of the financial results of any previous financial year has any remarks, the listed entity, in its notes to accounts, should provide how the reservation has been resolved or if the same has not been resolved, the reason thereof and the steps which the listed entity intends to take in the matter. As we have not included a statement satisfying the above, the CAG has remarked that the disclosures in the notes to accounts of the financial statements are inadequate and violates the Listing Regulations. The audit report for the Fiscal 2016, however, does not contain an adverse remark from the CAG in connection with the violation of the Listing Regulations, as we believe that our responses to the CAG (in relation to the audit report for Fiscal 2015) in relation to our compliance with the Listing Regulations was found to be satisfactory by the CAG. The audit report for Fiscal year 2017 includes the following observations from the CAG (i) non-adherence by the Issuer to certain NHAI Rules; and (ii) that the Balance Sheet and Profit and Loss Account Statements have not been drawn up in the format approved by the Central Government.

The Listing Regulations provide that an entity which is in violation is liable to a penalty of Rs. 1,00,000 for each day during which such failure continues or Rs. 10,000,000 whichever is less. As of the date of this Draft Shelf Prospectus, no such penalty has been imposed on us for violating the Listing Regulations.

For the purposes of the above paragraphs of this risk factor:

2011 Tax Free Bonds means the bonds issued pursuant to the shelf prospectus dated 13 December 2011 and tranche prospectus dated 22 December 2011.

2014 Tax Free Bonds means the bonds issued pursuant to the shelf prospectus and tranche prospectus, each dated 9 January 2014.

2016 Tax Free Bonds means the bonds issued pursuant to the shelf prospectus dated 11 December 2015, tranche prospectus dated 11 December 2015 and 22 February 2016.

Tax Free Bonds means collectively, the 2011 Tax Free Bonds, the 2014 Tax Free Bonds and the 2016 Tax Free Bonds.

15. We have certain contingent liabilities that may adversely affect our financial condition.

We have contingent liabilities, which may affect its financial condition. As on 31 March 2018, there were 1014 arbitration cases and 730 court cases involving Rs. 55,34,497.00 lakh and USD 4.30 lakh in Arbitration and Rs. 7,43,905.00 Lakh and Euros 2.62 lakh in Court cases pending against the NHAI. Further, NHAI has claimed Rs.29,58,387.00 lakh in Arbitration and 1,41,810 lakh in Court cases against contractors/concessionaires. NHAI has also arranged bank guarantee to the tune of Rs. 7,051.00 lakh and fixed deposits of Rs. 90,749.00 lakh as per various court orders. NHAI has issued letters of credits to the tune of Rs. 61,948.00 lakh for payment of annuities. The contingent liabilities consist primarily of liabilities on account of legal disputes, bank guarantees, letters of credit etc. Further, the contingent liability of NHAI in respect of total project cost pertaining to EPC, consultancy and O&M contracts under implementation is Rs. 63,99,707.00 lakh, Rs. 4,03,886.00 lakh and Rs. 43,673.00 lakh respectively. These contingent liabilities, if determined against us in the future, may impact our business and the results of operations.

16. We are exposed to the risks associated with the non-performance of underlying assets/projects of the SPVs.

We have taken up development of port connectivity projects and expressway by setting up Special Purpose Vehicles (SPVs) wherein NHAI contributes toward a portion of the project cost by way of equity participation or through loans and advances. Some of these SPVs also have equity participation by port trusts, State Governments or their representative entities. The SPVs also raise loans for financing the projects. The SPVs are authorized to collect user fee on the developed stretches to cover repayment of debts and for meeting the costs of operations and maintenance.

As on date we have 12project specific SPVs (out of which 9 are joint ventures). Each SPV has been formed with the specific purpose of raising funds and the development of a project. Currently our shareholding SPVs ranges from 37 per cent to 100 per cent. Further our equity participation is exposed to the risk of non-performance of the SPV's assets and the business decisions of the other members in the board of such SPV's which represent other entities such as the Central Government or State Government and in some cases, certain port trusts.

17. Some of our SPVs have incurred losses during the last three financial years.

Some of our SPVs have incurred losses during the last three years, as tabulated below:

(Rs. in lakh)

S. No.	Name of SPV	Fiscal 2017	Fiscal 2016	Fiscal 2015
1.	Calcutta Haldia Port Road Company Limited	(2,106.84)	(2,968.57)	(2,793.56)
2.	Cochin Port Road Company Limited	(2,252.02)	(2,018.93)	(1,728.76)
3.	Moradabad Toll Road Company Limited	4.55	(28.93)	(7.24)
4.	New Mangalore Port Road Company Limited	(1,717.46)	(4,187.34)	(2,921.84)
5.	Paradip Port Road Company Limited	(4,750.99)	(5,793.83)	(5,166.11)
6.	Tuticorin Port Road Company Limited	(1,881.46)	(1,893.39)	(2,184.83)
7.	Ahmedabad Vadodra Expressway Company Limited	225.72	(213.82)	(266.62)
8.	Vishakhapatnam Port Road Company Limited	488.45	(717.16)	140.19

There can be no assurance that the SPVs will achieve or sustain profitability in the future. Any losses incurred by these SPVs may have an effect on the successful execution of our projects, business and results of operations.

18. Accounts for the year ended on March 31, 2018 for NHAI have been subject to limited review and have not been audited. Audited performance may be materially different from the present results.

Our accounts are audited annually by the CAG and the auditors appointed by the CAG and they are not subject to any interim audit. Accounts for the financial year ended March 31, 2018 have been prepared and are subject to limited review by PSMG & Associates (the "Auditors") and have not yet been audited. The Auditors have reviewed the unaudited limited review financial performance for the financial year ended March31, 2018. However, the actual audited performance may be materially different from the limited review results. We have disclosed a limited review report for the financial year ended March31, 2018 in this Draft Shelf Prospectus.

19. Our projects under development are subject to construction, financing and operational risks.

Our operations risks comprise of project implementation risks and we are subject to this internal risk as the final product is only as viable as its implementation. This is because although the guidelines and the contractual framework for award of the BOT/DBFOT has been laid down quite well, the institutional mechanism for monitoring and enforcement of such projects/contracts is evolving. Such monitoring needs to address two phases of any contract, i.e. (a) the construction phase and (b) the operations phase. Presently, arrangements for regular monitoring during both the phases are in place and this is being done through Regional Offices and Project Implementation Units of NHAI. A large area of internal risk which exists is the compliance with the conditions precedent in the Model Concession Agreements (**"MCA"**) as well as the following:

- Construction of the relevant project as per the specified time schedule and agreed standards,
- Levy of user charges strictly within the limits specified in the relevant concession agreement,
- Protection of user interests by ensuring that performance standards, safety and other requirements are adhered to,
- Preventing misuse of public assets transferred to the concessionaire,
- Preventing any leakage, diversion or mis-classification or Government revenues,
- Imposing and recovering penalties for breach of contract,
- Operating the escrow account in accordance with the terms of the concession agreement,
- Effective communication and exchange of information for monitoring and enforcement of obligations,
- Supervision of the functioning of the independent engineer with a view to ensuring that it is discharging all its duties.

The project agreements have prescribed various obligations to be carried out by us on a certain basis, sometimes there are delaysin carrying out these obligations. Thus, any inadequate reporting and monitoring system may affect project implementation. Our inability to cope with the timelines prescribed in our project agreements could have a material and adverse effect on cost of our projects.

20. Our insurance coverage may not adequately protect us against all losses we incur in our operations or otherwise.

We maintain or contractually provide for insurance coverage of the type and in the amounts that we believe are commensurate with our operations. These insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. In addition, there are various types of risks and losses for which we do not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to us on acceptable terms. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our physical performance and operations. Further, as an internal policy we make payouts for the concessionaire's workforce, i.e. if the concessionaire fails to keep in force all insurances for which it is responsible, NHAI, may at its option obtain the insurance policies/pay the insurance premium and keep the same in force (this is a short term burden on NHAI). NHAI does however have the option to recover the premium from the concessionaire/contractor. NHAI has obtained insurance from United India Insurance Company Limitedfor its building at G-5 & 6, Sector 10, Dwarka, New Delhi-110075 against the risks like fire, terrorism, earth quake, loss ofrent etc. vide policy number 2216051117P113278072 and which is valid between the period 00:00 hours on December 22, 2017 to midnight of December 21, 2018. For further details, please refer chapter ***"Our Business"*** on page 74 of this Draft Shelf Prospectus.

21. We do not own the premises from which most of our regional offices and Project Implementation Unit office(s) operate and this may involve risk of loss of such premises.

Our Project Implementation Unit office(s) and regional offices are on lease/leave and license basis. Thus, we do not own most of our regional offices and Project Implementation Unit office(s). Any failure on our part to execute and/or renew leave and license agreements and/or lease deeds in connection with such offices or failure to locate alternative offices in case of termination of the leases and/or leave and license arrangements in connection with any branch could adversely affect results of our operations.

22. Our operations are subject to physical hazards and similar risks that could expose us to material liabilities, reduced inflows and increased execution costs.

There are certain stretches/projects where we are subject to operational risks as well as project implementation risks. Our operations subject our workforce to hazards inherent in constructing roads, bridges and railway work such as risk of equipment failure, impact from falling objects, collision, work accidents, fire, or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. Further, we also assume liability for defects in connection with any design or engineering work provided by the contractors/concessioners. Although we sub-contract our construction work, we may still be liable for accidents on our projects, due to defects in design and quality of construction of our projects, during the construction and operations. Any delay, default or unsatisfactory performance by any third parties could adversely affect our ability to complete our projects in a timely manner or at all. Any of the foregoing factors, though not quantifiable monetarily, could have a material adverse effect on financial condition, reputation and results of our operations.

23. There have been instances where our certain present and past employees have been found to have indulged in criminal behaviour detrimental to the business and reputation.

There have been instances where our certain present and past employees have been found to have indulged in criminal behaviour detrimental to the Issuer's business and reputation. The allegations against such present and past employees include (i) an employee being involved in allocating land to a third party at a concessional price; (ii) certain employees being involved in irregularities in the construction work on certain national highways; (iii) certain employees being involved in diversion of money allocated for land compensation; (iv) certain employees causing loss to the Issuer as a result of a discrepancy in financial bid not being corrected; and (v) certain employees abusing their official position and favouring a particular construction company. There is a set procedure to deal with such cases by the investigating agency or the Central Vigilance Commission ("Commission") as the case may be. It may not be possible to get the details of such cases as these may be under investigation by different agencies and may be closed or pending at different stages. The allegations against our employees also involve a bribery incident in connection with a U.S.-based firm, CDM Smith. It is alleged that CDM Smith through its Indian subsidiary, CDM Smith India Private Limited, paid over Rs.607 lakh in bribes to some of our officials to secure construction contracts between 2011 and 2016. The Central Bureau of Investigation and the Commission are investigating into this bribery incident.

Further, in relation to some of the criminal matters we and the relevant authorities have taken actions, including disciplinary actions and/or initiation of criminal proceedings against the individuals concerned. Any loss incurred by such disciplinary actions by any relevant authority will be borne by us. While we maintain training programmes, codes of conduct and other safeguards designed to prevent the occurrence of every instance of bribery or corruption, it may not be possible for us to detect or prevent every instance of bribery and corruption by our employees or joint venture partners.

Incidents such as those described above will affect our reputation, financial condition and results of operations.

24. There have been adverse media reports in relation our business and our employees.

There have been various adverse media reports concerning certain of our present and past employees, oppositions from local communities and other parties to our projects and oppositions from special interest groups such as environmental groups relating to the perceived negative impact such activities are having on the local community and the environment.

Such adverse media reports can affect our reputation and ability to implement our projects successfully and therefore our financial condition and results of operations may be adversely affected.

25. Our operations could be adversely affected by strikes, work stoppages or increase wage demands by our or our contractors' work force or any other kind of disputes involving our work force.

As on March 31, 2018 on an unconsolidated basis, we had 1079 employees. While we consider our current labour relations to be good, there can be no assurance that future disruptions in the form of strikes or work stoppages may not be experienced due to disputes or other problems with our work force. Such disruptions may adversely affect our business and results of operations.

On many of our projects, we engage external contractors and third parties for construction work and other services in connection with ourprojects. The number of contractlabourers employed by us varies from time to time based on the nature and extent of work contracted to independent contractors. These third parties include engineers, contractors, suppliers of labour and materials and maintenance service agencies. They may not perform their services in a satisfactory manner and thereby exposing us to certain risks including delays and an inability to complete the projects in a timely manner. The qualityof construction of the projects developed by us depends on the availability and skills of third parties, which may be adversely affected by strikes and lock-outs.

There can be no assurance that skilled contractors and third parties will continue to be available at reasonable rates and in the areas in which the projects are being implemented. As a result, we may be required to make additional investments or provide additional services to ensure the adequate performance and delivery of contracted services. Any delay in project execution could adversely affect our profitability.

26. Any inability to attract, recruit and retain skilled personnel could adversely affect results of our operations.

We depend largely on workforce deputed from various cadres of GoI and have considerable skilled manpower deputed to us to enable us to achieve our objectives. We are also dependent on other key personnel, including skilled project management personnel. We may experience difficulties in attracting, recruiting and retaining an appropriate number of managers and engineers for our business needs. Our future performance will depend upon the continued services of these persons. The loss of any of the members of our senior management, our members or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our operations.

27. Opposition from local communities and other parties may adversely affect our operations.

The construction and operation of our current and future projects may face opposition from the local communities where these projects are located and from special interest groups such as environmental groups. In particular, local communities, individuals, the forest authorities and other authorities may oppose our operations and land acquisition due to various reasons including the perceived negative impact such activities may have on the environment etc. Significant opposition by local communities, non-governmental organizations and other parties to the land acquisition process may delay project implementation and adversely affect our operations.

28. We are subject to internal risks arising from our business of contract management which may adversely affect our operations.

Since we are essentially in the business of contract management of construction contracts, and as a contract manager, areas of risk are divided contractually. That is to say that our internal risks are directly linked to the risks of non-performance, default and disputes arising from the underlying construction contracts. The different kinds of contracts we manage for our construction activities are as follows:

i) ***BOT/DBFOT – Investment by private entities and return through collection and retention of Toll/User Fees*.**

Private developers/operators, who invest in National Highway projects on Toll basis, are entitled to collect and retain toll revenues during project concession period. The Toll/User Fee are determined by the Central Government by way of notification in Official Gazette in accordance with the applicable toll rules. Model Concession Agreements (**"MCAs"**) have been developed to standardize the contracts, based on internationally accepted principles and best practices and to facilitate the speedy award of contracts. This framework has been successfully used for award of concessions for hundreds of the projects. As on July 31, 2018 we have awarded 158 BOT Toll based contracts valued at Rs. 1,31,61,300.00 lakh. The risks associated with this model framework of contract execution are provided as below:

Risks arising from the Model Concession Agreement

The Road & Highways sector in India has witnessed significant investment in recent years. For sustaining the interest of private participants, a clear risk-sharing and regulatory framework has been spelt out in the Model Concession Agreement (MCA). MCA's risk framework is briefly discussed below:

- **Land acquisition risk:** We are responsible for acquiring the requisite land for the project highway on behalf of MoRTH and we provide all reasonable support and assistance to the concessionaire in procuring applicable permits required from any Government authority/instrumentality. In case of delay in procuring applicable permits we may have to compensate the concessionaire which may be in form of increase in the concession period.

- **Force Majeure Risk:** Force Majeure risk pervades all through the specific provisions in MCAs and it is a major source of risk which directly affects the projects of NHAI and affects the output of the organization. Force Majeure covers the following events which pose a risk to the construction projects execution, namely any or all of Non-Political Event(s), Indirect Political Event(s) and Political Event(s) occurring in India which include the following:

  Non-Political Events

  - act of God, epidemic, extremely adverse weather conditions or radioactive contamination or ionizing radiation, fire or explosion;
  - strikes or boycotts;
  - the discovery of geological conditions, toxic contamination or archaeological remains on the Site;
  - any event or circumstances of a nature analogous to any of the foregoing.

  Indirect Political Events

  - an act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, riot, insurrection, terrorist or military action;
  - civil commotion or politically motivated sabotage which prevents collection of toll/fees;
  - industry-wide or state-wide or India-wide strikes or industrial action which prevent collection of toll/fees;
  - any failure of delay of a contractor to the extent caused by any Indirect Political Event and which does not result in any offsetting compensation being payable by the concessionaire by or on behalf of such contractor;
  - any Indirect Political Event that causes a Non-Political Event; or
  - any event or circumstances of a nature analogous to any of the foregoing

  Political Events

  - change in Law effected by any governmental agency, only if consequences thereof cannot be dealt with under and in accordance with the provisions of the concession agreement;

- compulsory acquisition, in national interest, or expropriation of any project assets or rights of the concessionaire or of the contractors by any governmental agency.
- unlawful or unauthorised or without jurisdiction revocation of or refusal to renew or grant without valid cause any consent or approval required by developer.
- any failure or delay of a contractor but only to the extent caused by another Political Event and which does not result in any offsetting compensation being payable to the concessionaire by or on behalf of such contractor; or
- any event or circumstance of a nature analogous to any of the foregoing.

- ***Disputes risk:*** Any dispute arising out of or in relation to the concession agreement, between the parties is major internal risk, the mechanism for the dispute redressal is provided in the MCA. It is to be noted that the risk of disputes arises out of the MCA and is also addressed by the MCA template itself. It specifies that the parties should attempt to resolve the dispute amicably and for this purpose, the mandate has been given to an independent engineer to mediate and assist the parties to arrive at a settlement. The procedure has been laid out in sufficient detail therein. However, upon the failure of such conciliatory measure, the parties shall resort to Arbitration. Such disputes materially affect the project completion and execution and are a major source of internal risk. For further details, please refer to chapter ***"Outstanding Litigation and Material Developments"*** on page 124 of this Draft Shelf Prospectus.

- ***NHAI Event of Default:*** In the event of any of the defaults specified in the concession agreement which we have failed to cure within 90 days or such longer period as has been specified in the agreement, we shall be deemed to be in default and concessionaire shall have the right to terminate the agreement. Any default by NHAI under the agreement materially poses a risk of project delay and/or non-completion.

- ***Concessionaire Event of Default:*** The MCA, like any other agreement/contract is under exposure of the concessionaire defaulting, though there are substitution mechanisms in place. This internal risk may affect our project(s) in the short term, however in the long run this risk can be mitigated by prompt and reliable substitution of a defaulting or non-performing concessionaire.

- ***Termination Payment Liability:*** The MCA provides for payment to project lender(s) in case of termination of concession after the completion of the construction, to the extent of debt due as on the date of termination and the project highway stand transferred to us. This puts additional liability on us to directly or indirectly operate and maintain the project highway.

- ***Contract Monitoring Risk:*** A tertiary risk arising from contracts is the risk arising from monitoring of Public Private Partnership Projects (**"PPP"**) and any oversight during implementation. This is because although detailed guidelines have been laid down for award of contracts to concessionaires, the institutional mechanism for monitoring and enforcement of PPP contracts is yet to be implemented. A satisfactory reporting format for monitoring on site performance of contracts has to be in place to mitigate this area of internal risk. Till this procedure is in place, we are exposed to this internal risk.

- ***Risk arising from the international competitive bidding process/Risks associated with consultant selection:*** Although the bidding process is well culled out and is divided into two stages of Request For Qualification (**"RFQ"**) and the consequent Request For Proposal (**"RFP"**) (and amendments to these are project specific), there is a risk arising from disclosures made by prospective concessionaires under this bidding process. Particularly if a wrong disclosure is made and the weighted financial score is mis-calculated, the incompetent concessionaire will come into the picture with relatively lower expertise and affect the execution of the project. Pre-qualification on the basis of technical and financial expertise of the firm and its track record in similar projects which meets the threshold technical and financial criteria set out in the RFQ document. Determination of technical and financial capacity of consortium applicants in proportion to the committed equity holding of each consortium member in the project SPV.

- **Other risks and risk mitigation mechanisms in the MCA template:** Revenue realisation in BOT-Toll projects is subject to some key risks including, but not limited to variation in traffic, variation in toll rates and premature termination. The concession agreement provides for various risk mitigation mechanisms to the concessionaire including change in concession period, differential toll rates that are linked to cost of different road structures under the new toll rules (linear alignment, bridges, tunnels, bypasses etc.) to providing for termination payments under force majeure events, additional toll way, occurrence of on account of certain events. The concession agreement provides for extension or reduction of the concession period in the event the actual traffic falls short or exceeds the target traffic, as estimated on the target date.

- **Insurance liability for the employees of concessionaire in case of default:** If the concessionaire fails to keep in force all insurances for which it is responsible, NHAI, shall be bound to pay the insurance premium and keep the same alive (this is a shortterm burden on NHAI, though recoverable later). NHAI does however have the option to recover the premium from the concessionaire or to deduct it from subsequent payment.

ii) Operate, Maintain and Transfer (OMT) contracts:

We have also awarded selected highway projects to private sector players under an OMT Concession. Till recently, the tasks of toll collection and highway maintenance were entrusted to tolling agents/operators and subcontractors, respectively. These tasks have been integrated under the OMT concession. Under this concession private operators would be eligible to collect tolls on these stretches for maintaining highways and providing essential services (such as emergency/ safety services).

Under the OMT, we are exposed to the following risks:

- Under the OMT agreement we have to procure the right of way to the site as a condition precedent within a specified period of time. Any delay in procuring this right of way will entitle the concessionaire to claim damages at a specified percentage of the performance security.

- We also undertake the risk to maintain and protect the construction works during of period of suspension of the concessionaire. This may involve exposure to high watch and works costs.

- In the event of default or breach of the agreement by us, our liability is computed keeping all direct costs suffered by the concessionaire as a consequence of such breach. This compensation may also include interest payment on debt, Operations and Maintenance expenses.

- If the concessionaire fails to keep in force all insurances for which it is responsible, we are bound to either pay the insurance premium and keep the same alive (this is a short term burden on NHAI, though recoverable later). We do however have the option to recover the premium from the concessionaire or to deduct it from subsequent payment.

iii) Engineering Procurement Construction and Maintenance ("EPCM") Contracts

In addition to the above modes of construction contracts, recently we have also awarded selected highway projects to private sector players under EPCM mode. An EPCM contract is a design, construct and maintain contract where a single contractor broadly takes responsibility for all elements of the construction, procurement and maintenance which is different from the EPC contract. In an EPCM contract, the contractor has to quote the cost of constructing or upgrading the road section and thereafter the contractor will have to maintain the same till a period of two years post completion of the construction. The project is awarded to the contractor offering to complete the project at the lowest cost and the cost of the project is borne by the Authority. The government has recently decided to switch to the conventional EPCM model to award contracts. The projects are a mix between ones that did not elicit bids from private parties as their cost was too high and thus seen as unviable and a few that were terminated by the government due to lack of interest shown by the developers concerned. The EPC mode takes three to four months for a project to be awarded, while BOT contracts take 18-20 months. There is a severe risk that the EPC model may lose its viability to attract investors and contractors as has happened earlier with EPC format and also with the BoT model. There is no guarantee that the EPC model will continue to show a steady growth as it is also subject to certain inherent risks.

Under the EPCM, we are exposed to the following risks:

- Under the EPCM contract we have to procure the right of way to the site as a condition precedent within a specified period of time. Any delay in procuring this right of way will entitle the contractor to claim damages at a specified rate as per the formula provided under the contract.

- Prior to the Appointed Date, we have the responsibility to maintain and undertake repair of the Project Highway, at our own cost and expense, so that its traffic worthiness and safety are at no time compromised. Therefore, any delay in declaration of Appointed Date will extend our maintenance obligation. However, in case of unforeseen events, such as floods or earthquake causing excessive deterioration or damage to a particular highway we also undertake the risk to maintain and protect the construction works during of period of suspension of the contractor. This may also involve exposure to our works cost implications due to our liability to maintain the highway.

- If the contractor fails to keep in force all insurances for which it is responsible, NHAI, shall be bound to pay the insurance premium and keep the same alive (this is a short term burden on NHAI, though recoverable later). NHAI does however have the option to recover the premium from the contractor or to deduct it from subsequent payment.

- Any dispute arising out of or in relation to the contract, between the parties is major internal risk, the mechanism for the dispute redressal is provided in the contract. It is to be noted that the risk of disputes arises out of the contract and is also addressed by the MCA template itself. It specifies that the parties should attempt to resolve the dispute amicably and for this purpose, the mandate has been given to an Independent Engineer to mediate and assist the parties to arrive at a settlement. The procedure has been laid out in sufficient detail therein. However, upon the failure of such conciliatory measure, the parties shall resort to Arbitration, which shall be held in accordance with Arbitration and Conciliation Act, 1996. Such disputes materially affect the project completion and execution and are a major source of internal risk. For further details, please refer to chapter ***"Outstanding Litigation and Material Developments"*** on page 124 of this Draft Shelf Prospectus.

- The price quoted by a selected developer is to be paid by us, we are exposed to a risk of price escalation related to the prices of labour, cement, steel, plant, machinery and spares, bitumen, fuel and lubricants, and other material inputs. The detail of calculation of any increase in such costs is provided under the agreement.

- We have the liability to compensate the contractor for any increase in cost implications upon the contractor due to change/modification in any applicable law. Therefore, a change in law may expose us to additional financial cost and thus is a risk which the Authority undertakes.

- Upon termination of an EPCM contract, we are bound to pay to the contractor 10% (ten per cent) of the cost of those works that would not have commenced or have not been completed. Also, on the date of termination or suspension, as the case may be, the maintenance and operation of the project highway stands transferred to us. This puts additional liability on us to directly or indirectly operate and maintain the project highway.

- We are also exposed to the financial closure risk as the obligation of financial closure rests upon the concessionaire who may be unable to garner the requisite funds upon award of the concession. Additionally, force majeure risk pervades all through the specific provisions in MCAs and it is a major source of risk which directly affects the projects of NHAI and affects the output of the organization. Force Majeure covers the following events which pose a risk to the construction projects execution, namely any or all of Non-Political Event(s), Indirect Political Event(s) and Political Event(s) occurring in India which include the following:

  Non-Political Events

  - act of God, epidemic, extremely adverse weather conditions or radioactive contamination or ionising radiation, fire or explosion;
  - strikes or boycotts;

- the discovery of geological conditions, toxic contamination or archaeological remains on the Site; or

Indirect Political Events

- an act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, riot, insurrection, terrorist or military action;
- civil commotion or politically motivated sabotage which prevents collection of toll/fees; or
- industry-wide or state-wide or India-wide strikes or industrial action which prevent collection of toll/fees;

Political Events

- change in Law, only if consequences thereof cannot be dealt with under and in accordance with the provisions of the EPC Agreement.
- compulsory acquisition in national interest or expropriation or any project assets or rights of the contractor or of the sub-contractors by any governmental agency;
- unlawful or unauthorised or without jurisdiction revocation of or refusal to renew or grant without valid cause any consent or approval required by the developer.
- any failure or delay of a sub-contractor but only to the extent caused by another Political Event; or
- any event or circumstances of a nature analogous to any of the foregoing.

iv) Hybrid BoT Annuity Model:

Against the backdrop of the announcement made by the Finance Minister during his budget speech about revisiting the existing PPP models and the need to rebalance the risks in the PPP model with the government bearing a larger part of the risks, broad guidelines for 'Hybrid Annuity' model were announced by NHAI. Hybrid Annuity Model is a mix of EPC and BOT (Annuity) models, with government and private enterprise sharing the total project cost in the ratio of 40:60 during construction period, where the Government is funding 40% of the project cost as determined by NHAI in five equal installments during the construction period as construction support. The private party would be required to bear balance 60% of the project cost through combination of equity contribution and debt raised from market. Further this 60 % of the cost borne by the private party during the construction period is to be recover from the Authority in terms of annuity payment spread over the period of ten/twenty years. As per this model, the financial burden on private party will reduce during the construction phase. The Government will also retain the revenue risk as it would collect toll. On the other hand the private player will bear construction, operations and maintenance risks. Since the Government will bear 40% of the project cost during the implementation phase, the returns to the private player in the form of annuities during the operating phase will be proportionately lower when compared with normal annuity project fully funded by private developer. There is a risk that there may be a mismatch between the developer's cost estimates which may be higher than NHAI's cost estimates. However, when compared with EPC projects, shift to Hybrid Annuity model would ease the cash flow pressure on NHAI as it would have to provide only 40% upfront funding spread over the 30-36 months of construction period, and remaining 60% over 15-20 years of the concession period, in the form of semiannual payments which can be recovered to an extent through tolling of these stretches by NHAI itself. Therefore, NHAI's own upfront funding requirement will be lower in case of hybrid annuity compared with EPC mode. Further, annuity nature of the projects would eliminate traffic related risks thereby improving ease of financial closure and refinancing ability post project completion. However, a lot would depend on NHAI's ability to ensure 100% right of way and approvals before awarding these projects and the variation between NHAI and developers' cost estimates.

Under the hybrid model, the projects would be awarded only after acquiring 90% of the land and after obtaining the relevant clearances. Any delay in obtaining the necessary conditions for fruitful implementation of this model could materially adversely affect our growth. Further, an increased burden to finance such projects will also increase our borrowing requirements and if we are unable to meet such financing requirements, it could materially adversely affect our growth.

The inherent risks comprised of in the Hybrid MCA include amongst others:

Force Majeure Risk

Force Majeure risk pervades all through the specific provisions in the Hybrid model MCAs and it is a major source of risk which directly affects the projects of NHAI and affects the output of the organization. Force Majeure cover the following events which pose a risk to the construction projects execution, namely any or all of Non-Political Event(s), Indirect Political Event(s) and Political Event(s) occurring in India which include the following:

Non Political Events

- act of God, epidemic, extremely adverse weather conditions or radioactive contamination or ionising radiation, fire or explosion;
- Strikes or boycotts;
- any failure or delay of a Contractor but only to the extent caused by another Non-Political Event and which does not result in any offsetting compensation being payable to the concessionaire by or on behalf of such Contractor;
- any event or circumstances of a nature analogous to any of the foregoing.

Indirect Political Events

- an act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, riot, insurrection, terrorist or military action;
- any political or economic upheaval, disturbance, movement, struggle or similar occurrence which causes the construction or operation of the Project to be financially unviable or otherwise not feasible;
- industry-wide or state-wide or India-wide strikes or industrial action for a continuous period of 24 (twenty four) hours and exceeding an aggregate period of 7 (seven) days in an Accounting Year;
- failure of the Authority to permit the Concessionaire to continue its Construction Works, with or without modifications, in the event of stoppage of such works after discovery of any geological or archaeological finds or for any other reason;
- any failure of delay of a contractor to the extent caused by any Indirect Political Event and which does not result in any offsetting compensation being payable by the concessionaire by or on behalf of such contractor;
- any Indirect Political Event that causes a Non-Political Event; or
- any event or circumstances of a nature analogous to any of the foregoing.

Political Event

- change in Law effected by any governmental agency, only if consequences thereof cannot be dealt with under and in accordance with the provisions of the concession agreement;
- compulsory acquisition, in national interest, or expropriation of any project assets or rights of the concessionaire or of the contractors by any governmental agency.
- unlawful or unauthorised or without jurisdiction revocation of or refusal to renew or grant without valid cause any consent or approval required by developer.
- any failure or delay of a contractor but only to the extent caused by another Political Event and which does not result in any offsetting compensation being payable to the concessionaire by or on behalf of such contractor; or
- any event or circumstance of a nature analogous to any of the foregoing.

Termination Risk

There is also the risk of termination arising from either political events and also non-political events. The MCA provides for payment to the Concessionaire in case of termination of concession agreement and the project highway stand transferred to us. This puts additional liability on us to directly or indirectly operate and maintain the project highway.

v) Toll-Operate Transfer (TOT):

Government of India has approved Toll Operate and Transfer (TOT) model under which the Public funded projects operational for two years shall be put to bid wherein the right of collection and appropriation of fee shall be assigned for a pre-determined concession period (30 years) to Concessionaires (Developers/Investors) against upfront payment of a lump sum amount to NHAI. Operation and Maintenance (O&M) obligation of such projects shall be with the concessionaire till the completion of the concession period. Projects to be undertaken in the TOT model are to be treated as Public-private-partnership (PPP) projects.

The first bundle of TOT projects comprising of 9 project stretches aggregating to a length of 680km has already finalised and Letter of Award (LOA) has been issued. Apart from TOT Bundle-I, NHAI has also identified stretches of approximate length of 1640 kms under TOT in which condition survey and traffic studies is under progress.

The inherent risks comprised of in the TOT MCA include amongst others:

Force Majeure Risk

Force Majeure risk pervades all through the specific provisions in the TOT MCAs and it is a major source of risk which directly affects the projects of NHAI and affects the output of the organization. Force Majeure cover the following events which pose a risk to the construction projects execution, namely any or all of Non-Political Event(s), Indirect Political Event(s) and Political Event(s) occurring in India which include the following:

Non-Political Events

- act of God, epidemic, extremely adverse weather conditions or radioactive contamination or ionizing radiation, fire or explosion;
- strikes or boycotts;
- the discovery of geological conditions, toxic contamination or archaeological remains on the Site;
- any failure or delay of a Contractor but only to the extent caused by another Non-Political Event and which does not result in any offsetting compensation being payable to the concessionaire by or on behalf of such Contractor;
- any judgement or order of any court of competent jurisdiction or statutory authority made against the Concessionaire;
- any event or circumstances of a nature analogous to any of the foregoing.

Indirect Political Events

- an act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, riot, insurrection, terrorist or military action;
- civil commotion or politically motivated sabotage which prevents collection of toll/fees;
- industry-wide or state-wide or India-wide strikes or industrial action which prevent collection of toll/fees;
- any failure of delay of a contractor to the extent caused by any Indirect Political Event and which does not result in any offsetting compensation being payable by the concessionaire by or on behalf of such contractor;
- any Indirect Political Event that causes a Non-Political Event; or
- any event or circumstances of a nature analogous to any of the foregoing

Political Events

- change in Law effected by any governmental agency, only if consequences thereof cannot be dealt with under and in accordance with the provisions of the concession agreement;
- compulsory acquisition, in national interest, or expropriation of any project assets or rights of the concessionaire or of the contractors by any governmental agency.
- unlawful or unauthorised or without jurisdiction revocation of or refusal to renew or grant without valid cause any consent or approval required by developer.
- any failure or delay of a contractor but only to the extent caused by another Political Event and which does not result in any offsetting compensation being payable to the concessionaire by or on behalf of such contractor; or
- any event or circumstance of a nature analogous to any of the foregoing.

29. No Debenture Redemption Reserve ("DRR") for the Bonds is proposed to be maintained for the present issue of Bonds and the Bondholders may find it difficult to enforce their interests in the event of or to the extent of a default.

The obligation to maintain a DRR is applicable only to companies registered under the Companies Act, 1956/Companies Act, 2013. From the definitions laid down by SEBI under SEBI Debt Regulations, it may be observed that the definition of issuer includes a company. Certain mandatory requirements are required of all issuers whereas certain requirements like creation of a DRR is required only if the issuer is a company. The term **"issuer"** is much widerandtends to include public sector undertakings and statutory corporations besides companies. NHAI is a statutory authority making a public issuance of debt securities and so it falls under the definition of **"issuer",** but it is not a company. Hence, NHAI being an **"issuer"** but not a **"company"**, the requirement to maintain a DRR in compliance under Rule 18 (7) of The Companies (Share Capital and Debentures) Rules, 2014 is not applicable to it. Issuer companies are required under this section to maintain a DRR out of their yearly profits by crediting 'adequate' amounts to the DRR. Hence, even in cases where a company is maintaining a DRR, in a certain year it may not credit any amount to the DRR if there are no profits in that year. Moreover, the revenue flow to NHAI is credited to the NHAI Fund and is utilised therefrom in accordance with the provisions of the NHAI Act, which does not provide for creation of reserves such as DRR. Since there is no obligation on NHAI under the NHAI Act, the SEBI Debt Regulations and the Companies (Share Capital and Debentures) Rules, 2014 and also NHAI has informed SEBI of the same vide its letter dated July 27, 2018. Therefore, NHAI will not maintain DRR for the present issue of Bonds and the Bondholders may find it difficult to enforce their interests in the event of or to the extent of a default.

Risks Relating to the Utilization of Issue Proceeds

30. The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or any financial institution.

We intend to deploy the Issue proceeds towards part financing of different projects of the Issuer including Bharatmala Pariyojana of Government of India, as well as other operational, administrative and financial purposes etc. Prime focus of Bharatmala Pariyojana is to optimise the efficiency of the movement of goods and people across the country. For further details, please refer to the section titled ***"Objects of the Issue"*** beginning on page 52 of this Draft Shelf Prospectus. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for this Issue.

Risks relating to investment in Bonds

31. There is no guarantee that the Bonds issued pursuant to this Issue will be listed on the NSE/ BSE in a timely manner, or at all.

In accordance with Indian law and practice, permissions for listing and trading of the Bonds issued pursuant to this Issue will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Bonds to be submitted. There could be a failure or delay in listing the Bonds on the NSE/ BSE.

32. You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Bonds.

Our ability to pay interest accrued on the Bonds and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including, inter-alia our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Bonds and/or the interest accrued thereon in a timely manner, or at all. Although NHAI will create appropriate security in favour of the Debenture Trustee for the holders of the Bonds on the assets adequate to ensure 100% asset cover for the Bonds and interest accrued thereon, the realizable value of the secured assets, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the Bonds, or in the event we are required to suddenly depreciate the value of our assets then also there may be a reduction in the value of assets available for redemption of the Bonds. A failure or delay to recover the expected value from a sale or disposition of the secured assets could expose you to a potential loss.

33. Changes in interest rates may affect the prices of the Bonds.

All securities where a fixed rate of interest is offered, such as the Bonds, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of the Bonds.

34. Payments made on the Bonds will be subordinated to liabilities preferred by law.

The Bonds will be subordinated to certain liabilities preferred by law such as to claims of the GoI on account ofcertain liabilities incurred in the ordinary course of our transactions. In particular, n the event of supersession of the NHAI by the Central Government under the provision of NHAI Act, 1988 our assets will vest in the Central Governement and such assestswill be available to pay obligations on the Bonds only after all of those liabilities that rank senior to these Bonds have been paid. Further, there is no restriction on the amount of debt securities that we may issue that may rank above the Bonds. The issue of any such debt securities may reduce the amount recoverable by investors in the Bonds in case of our supersession.

35. There has been only limited trading in the bonds and it may not be available on sustained basis in the future, and the price of the Bonds may be volatile.

There has been only limited trading in bonds of such nature in the past. Although the Bonds are proposed to be listed on NSE/ BSE, there can be no assurance that a public market for these Bonds would be available on a sustained basis. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of Bonds. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which the Bonds are issued. Further, all extraneous factors which influence the Bond market will affect the present Bonds. The pricing will be subject to factors affecting the general economic condition in India and in the global financial markets.

36. Any downgrading in credit rating of the Bonds may affect the value of Bonds and thus our ability to raise further debts.

The Bonds proposed to be issued under this Issue have been rated “IND AAA”; Outlook: Stable by IRRPL vide their letter dated August 16, 2018, “CARE AAA”; Stable by CARE vide their letter dated August 10, 2018, "[ICRA] AAA” with Stable Outlook by ICRA vide its letter dated August 10, 2018 and “CRISIL AAA/Stable” by CRISIL vide its letter dated August 17, 2018. We cannot guarantee that these credit ratings will not be downgraded by the rating agencies in future. The ratings provided by these Credit Rating Agencies may be suspended, withdrawn or revised at any time. Any revision or downgrading in the above credit rating may lower the value of the Bonds and may also affect NHAI’s ability to raise further debt.

37. Any volatility in the exchange rate may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which may impact the Issuer

Capital inflows into India have remained extremely volatile responding to concerns about the domestic macroeconomic landscape and changes in the global risk environment. A substantial increasein the import bill, mainly on account of increase incrude oil prices led to a significant widening of the trade deficit that in turn increased the size of the current account deficit from the budget estimates. The primary challenge for the Rupee was the volatile swings in capital flows. The Rupee is currently at all time low and had recorded a high of 68.94 to the U.S. dollar and a low of 63.35 to the U.S. dollar during the 12month period up to June 30, 2018. The Rupee may come underfurtherpressure given reversal in US monetary policy that is resulting in a rotation of global fund flows from emerging markets to the US markets over the medium term programme. Due to such decrease in Rupee compared to USD there may bea need for intervention which may result in a decline in India's foreign exchange reserves and subsequently reduce the amount of liquidity in the domestic financial system. This in turn could further impact domestic interest rates.

38. There may be a delay in making refunds to applicants.

We cannot assure that the monies refundable to applicants, on account of (a) withdrawal applications, (b) withdrawal of the Issue, or (c) failure to obtain the final approval from the exchanges for listing of Bonds, (d) non-allotment due to technical rejections or over subscriptions, will be refunded to the applicants in a timely manner.

39. Risk regarding enforcement of security on account of default.

Taking into account the nature of security and since most of the security is of peculiar nature i.e. fixed assets ofNHAI, being highway project comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways entrusted to NHAI, enforcement of security will be tedious in nature, difficult and its realisable value will depend upon the market condition at that time and various extraneous factors at relevant time. Bond Trustee is not a guarantor and will not be responsible for any loss or claim.

40. The new taxation system in India could adversely affect our business.

The Government has implementedmajor reforms in Indian tax laws, namely the provisions relating to the GAAR. The provisions of GAAR have been introduced in the Finance Act, 2012 and have come into effect from April 1, 2017. The GAAR provisions intend to target and tax arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfies at least one of the following tests: (i) creates rights or obligations which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the IT ACT; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty. The consequences of the implementation of GAAR cannot be determined at present and there can be no assurance that such effects would not adversely affect the business of the Issuer and its future financial performance.

External Risk Factors

41. Our operations are affected by conditions in the financial markets and economic conditions generally, both in India and elsewhere around the world which could have an adverse effect on our operations.

Our business is affected by conditions in the global financial markets and economic conditions generally, both in India and elsewhere around the world. Many factors or events could lead to a downturn in the global financial markets including war, acts of terrorism, natural catastrophes and sudden changes in economic and financial policies. Any such event could affect confidence of contractor/participants which may affect our operations since large percentage of our projects are based on PPP model.

42. Our business is subject to a significant number of tax regimes and changes in legislation governing the rules implementing them or the regulator enforcing them in any one of those jurisdictions could negatively and adversely affect our results of operations.

We are subject to regulations by Indian governmental authorities. These laws and regulations impose numerous requirements on us, including asset classifications and prescribed levels of capital adequacy, cash reserves and liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect us.

43. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our operations.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our operations and future financial performance, its ability to obtain financing for capital expenditures and the trading price of the Bonds.

44. Political instability or changes in the Government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our operations.

We are a statutory authority established in India and all of our operations, assets and personnel are located in India. Consequently, our performance and the market price and liquidity of our Bonds may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Central Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our operations are also impacted by regulation and conditions in the various States in India where we operate. Our operations and the market price and liquidity of our Bonds may be affected by changes in Central Government policy, taxation and other political, economic or other developments in or affecting India. Since 1991, successive Central Governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued. A significant change in the Central Government's policies could adversely affect results of our operations and could cause the price of our Bonds to decline.

45. Civil unrest, terrorist attacks and war would affect our operations.

Certain events that are beyond our control, such as terrorist attacks and other acts of violence or war, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect results of our operations, physical execution and cash flows, and more generally, any of these events could lower confidence in India's economy.

India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country leading to overall political and economic instability, it could have a materially adverse effect on results of our operations, future performance and the trading price of the Bonds.

46. Our operations may be adversely impacted by natural calamities or unfavourable climatic changes.

Anact of God, epidemic, extremely adverse weather conditions or radioactive contamination or ionising radiation, fire or explosion may adversely affect results of our operations.

47. Non-compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect results of our operations.

Some of our projects are subject to extensive Government and environmental laws and regulations which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. These laws and regulations include the Environmental Protection Act 1986, the Air (Prevention and Control of Pollution) Act 1981, the Water (Prevention and Control of Pollution) Act 1974 and other regulations promulgated by the Ministry of Environment and the Pollution Control Boards of the relevant states. In addition, some of our operations are subject to risks involving personal injury, loss of life, environmental damage and severe damage to property.

We believe environmental regulation of industrial activities in India will become more stringent in the future. The scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with certainty. The costs and management time required to comply with these requirements could be significant. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by Government entities and our compliance costs may significantly exceed our estimates. If we fail to meet environmental requirements, we may also be subject to administrative, civil and criminal proceedings by Government entities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us as well as revocation of approvals and permits and orders that could limit or halt our operations. There can be no assurance that we will not getinvolved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remedial costs, as well as damages, other liabilities and related litigation, could adversely affect results of our operations and physical execution.

PROMINENT NOTES:

1. For details on the interest of our Members, please refer to the sections titled **"*Our Management*"** beginning on page 100 of this Draft Shelf Prospectus.

2. SPVs of NHAI has entered into certain related party transactions as disclosed in the section titled **"*Financial Information of NHAI*"** as Appendix II of this Draft Shelf Prospectus.

3. Any clarification or information relating to the Issue shall be made available by the Lead Managers and NHAI to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.

4. Investors may contact the Registrar to the Issue and/or the Compliance Officer for any complaints pertaining to the Issue. In case of any specific queries on allotment/refund, Investor may contact Registrar to the Issue.

5. In the event of oversubscription in the Tranche Issue, allocation of Bonds will be as per the Tranche Prospectus.

6. Investors may note that this being a public issue of Bonds, as per the SEBI Debt Regulations, the Draft Shelf Prospectus has not been submitted to SEBI for comments. However, the Draft Shelf Prospectus had been filed with the Designated Stock Exchange for receipt of public comments for 7 working days i.e. until 5 pm on seventh working day.

7. For information relating to certain significant legal proceedings that we are involved in, please refer to the chapter titled ***"Outstanding Litigation and Material Developments"*** on page 124 of this Draft Shelf Prospectus.

SECTION III– INTRODUCTION

SUMMARY OF FINANCIAL INFORMATION

The following tables present an extract of the Reformatted Unconsolidated Financial Information. The summary of the Reformatted Unconsolidated Financial Information should be read in conjunction with the examination report thereon issued by PSMG & Associates, Chartered Accountants and statement of significant accounting policies and notes to accounts on the Reformatted Unconsolidated Financial Information contained in the section titled "***Financial Information***" as Appendix I in this Draft Shelf Prospectus.

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in lakh)

SL. Nos.		Particulars	Schedule	AS AT MARCH 31				
				2017	2016	2015	2014	2013
I.		**SOURCES OF FUNDS**						
	1	**Shareholders' Fund**						
		a) Capital	**1**	1,39,59,380.47	1,25,51,457.89	1,04,52,040.18	9,270,378.22	8,064,111.97
		b) Reserves & Surplus	**2**	0.00	748.68	45.46	45.46	41,198.84
	2	**Grants**						
		a) Capital	**3**	13,65,643.01	13,66,280.32	13,66,901.41	1,367,346.44	1,367,489.82
	3	**Borrowings**	**4**	75,38,464.71	45,27,036.70	24,89,285.59	2,406,780.68	1,860,322.92
		TOTAL		**2,28,63,488.18**	**1,84,45,523.58**	**1,43,08,272.64**	**1,30,44,550.79**	**1,13,33,123.55**
II.		**APPLICATION OF FUNDS**						
	1	**Fixed Assets**	**5**					
		a) Gross Block		12,533.36	11,870.62	11,238.39	9,475.49	9,182.64
		b) Less: Depreciation		7,857.39	7,217.40	6,462.96	5,905.33	5,592.43
		c) Net Block		4,675.97	4,653.21	4,775.43	3,570.16	3,590.20
		d) Less: Assets created out of Grants		612.58	612.58	612.58	612.58	612.58
		e) Assets held on behalf of GoI (completed & ongoing)		2,17,72,656.62	1,76,45,402.50	1,40,79,731.46	12306481.73	10644023.84
		Total		**2,17,76,720.00**	**1,76,49,443.14**	**1,40,83,894.32**	**1,23,09,439.31**	**1,06,47,001.46**
	2	**Investment (At cost)**	**6**	**90,959.00**	**1,21,652.89**	**1,21,625.00**	**1,20,902.89**	**1,19,846.89**
	3	**Current Assets, Loans and Advance**	**7**					
		a) Inventories		-	-		-	-
		b) Sundry Debtors		-	-		-	-
		c) Deposits, Loans & Advances		32,95,320.19	25,77,831.04	14,26,624.21	998,079.50	8,36,326.85
		d) Interest accrued On deposit		1,399.71	2,826.98	4,402.19	12,598.83	28,848.21
		e) Interest accrued and due on CALA deposits		52,628.05	59,569.52	34,975.69	25,226.27	17,373.81
		f) Cash & Bank Balance		8,37,680.26	6,74,079.72	2,67,235.23	8,86,980.76	7,73,006.11
		sub total		**41,87,028.21**	**33,14,307.25**	**17,33,237.32**	**19,22,885.35**	**16,55,554.97**
		Less: Current Liabilities and Provisions						
		a) Liabilities	**8**	31,87,098.88	26,36,198.49	16,27,412.69	13,06,279.04	10,87,390.28
		b) Provisions	**9**	4,120.15	3,681.20	3,071.31	2,397.71	1,889.49

SL. Nos.		Particulars	Schedule	AS AT MARCH 31				
				2017	2016	2015	2014	2013
		sub total		**31,91,219.03**	**26,39,879.69**	**16,30,484.00**	**13,08,676.75**	**10,89,279.78**
		Net Current Assets		9,95,809.18	6,74,427.56	1,02,753.32	6,14,208.60	5,66,275.20
	4	**Misc. Expenditure (to the extent not written off)**	**10**	-	-	-	-	-
	5	**Profit & Loss Account (Debit balance, if any)**		-	-	-	-	-
	6	**Significant Accounting Policies**	**18**	-	-	-	-	-
	7	**Notes on Accounts**	**19**	-	-	-	-	-
		TOTAL		**2,28,63,488.18**	**1,84,45,523.58**	**1,43,08,272.64**	**1,30,44,550.79**	**1,13,33,123.55**

REFORMATTED STATEMENT OF PROFIT AND LOSS ACCOUNT

(Rs. In Lacs)

Sl. Nos.	Particulars	Schedule	FOR THE YEAR ENDED MARCH 31				
			2017	2016	2015	2014	2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
I.	INCOME						
	a) Value of Work done			-	-	-	-
	b) Other income	11	1,353.35	1,293.36	1,694.84	1094.13	1,541.27
	c) Interest (Gross)	12	1.06	0.88	1.18	1.13	1.54
	d) Grant-in-aid for maintenance of Highways		-	-	-	-	-
	e) Net Increase/Decrease in work-in-progress (+)/(-)	13	-	-	-	-	-
	TOTAL		1,354.40	1,294.24	1,696.01	1095.26	1,542.81
II.	EXPENDITURE						
	a) Construction Stores/ Material consumed Other stores, spares & tools etc. consumed		-	-	-	-	-
	Work Expenses:	14					
	a) Personnel & Administrative Expenses	15	27,282.06	22,537.20	20,799.86	19296.86	16,849.76
	b) Finance Charges	16	14.71	7.76	7.18	11.60	10.98
	c) Depreciation		771.52	870.43	683.27	462.37	379.16
	d) Assets of Small Value Charged Off		22.01	21.50	16.83	20.81	14.71
	Exceptional Item						
	Provision for diminution in the value of investment		40,310.88	-	-	-	-
	Less: Provision transferred to Capital (Sch-1)		(40,310.88)	-	-	-	-
	TOTAL		28,090.30	23,436.89	21,507.14	19791.63	17,254.61
	Profit (+)/Loss (-) for the year		(26,735.89)	(22,142.65)	(19,811.13)	(18696.37)	(15,711.80)
	Add: Prior Period Items net(+/-)	17	(1,135.83)	(747.01)	(832.30)	(679.45)	(606.47)
	Less: Net Establishment Expenses for the year transferred to CWIP (Sch-5)		27,871.73	22,889.66	20,643.43	19375.83	16,318.27
	Less/Add: Provision for Taxation						
	Net Profit		-	-	-	-	-
	Less: Transfer to Capital Reserve		-	-	-	-	-
	Less: Transfer to other specific Reserve/Fund		-	-	-	-	-
	Less/Add: Transfer to/Transfer from General Reserve (+/-)		-	-	-	-	-
	Less/Add: Surplus brought forward from previous year		-	-	-	-	41,198.84
	Surplus carried to Balance Sheet		-	-	-	-	41,198.84

REFORMATTED STATEMENT OF CASH FLOW

SL.Nos.	Particulars	FOR THE YEAR ENDED MARCH 31				
		2017	2016	2015	2014	2013
	(1)	(3)	(4)	(5)	(6)	(7)
A.	**Cash flow from operating activities:**					
	Net profit before tax	(26,735.89)	(22,142.65)	(19,811.13)	(18696.37)	(15,711.80)
	Adjustments for:					
	Depreciation	771.52	870.43	683.27	462.37	379.16
	Profit/ (Loss)on sale of assets	(2.77)	(3.55)	(8.33)	(9.27)	(1.43)
	Interest income	(1.06)	(0.88)	(1.18)	(1.13)	(1.54)
	Operating profit before working capital changes	**(25,968.20)**	**(21,276.65)**	**(19,137.36)**	**(18244.40)**	**(15,335.61)**
	Adjustments for:					
	(Increase)/Decrease in Deposits, Loans & Advances	(7,17,489.15)	(11,51,482.74)	(4,27,786.46)	(161060.93)	(412,731.83)
	Increase in liabilities	5,50,900.39	10,08,785.80	3,21,133.65	218888.76	(183,008.63)
	Increase in Provision for gratuity and Leave encashment	438.95	609.89	673.60	508.22	385.41
	Cash flow before extraordinary item & prior period items	**(1,92,118.01)**	**(1,63,363.70)**	**(1,25,116.57)**	**40091.65**	**(610,690.66)**
	Prior period items	(1,135.83)	(747.01)	(832.30)	(679.45)	(606.47)
	Net cash generated from operating activities	**(1,93,253.85)**	**(1,64,110.71)**	**(1,25,948.87)**	**39412.20**	**(611,297.13)**
B.	**Cash flow from investing activities:**					
	Purchase of fixed assets	(803.66)	(757.79)	(1,905.46)	(449.47)	(444.39)
	Realization from sale of assets	12.16	13.13	25.25	16.41	11.39
	Increase in Capital Work in progress	(38,66,631.06)	(34,50,701.69)	(16,98,326.15)	(1,660,157.74)	(1,388,970.03)
	Increase in investment	30,693.88	(27.88)	(722.12)	(1,056.00)	(6,583.00)
	Interest Income	1,62,085.61	96,759.82	1,10,727.53	109,295.85	97,482.15
	Interest expense	20,349.00	11,188.98	-	(2,554.64)	(11,649.05)
	Capital Reserve (Receipts)	-	-	10,769.86	15,607.28	7,631.85
	Interest and other expenditure on bond issue	-	-	(1,78,087.42)	(140,447.11)	(123,582.22)
	Net cash used in investing activities	**(36,54,294.06)**	**(35,66,295.75)**	**(17,57,518.50)**	**(1,679,745.43)**	**(1,426,103.30)**
C.	**Cash flow from financing activities:**					
	Cess funds received from Govt of India	2,32,650.00	15,42,000.00	6,88,589.00	685,745.00	600,300.00
	Capital additional budgetary receipts	5,64,902.00	37,027.00	60,000.00	85,040.00	202,897.00
	EAP Grant utilised towards Revenue Expenditure	(637.31)	(621.09)	(445.03)	(143.38)	
	Transfer of "Premium on Bonds" to "Capital Reserve"	(748.68)				
	Adjusted Plough back of Toll Remittance, etc	6,50,681.46	5,20,390.71	4,33,072.96	435,481.25	164,024.57
	Loan received from government of India	-	-	-	-	-
	Capital -Net off Toll Collection, Negative Grant etc. upto 31.03.10	-	-	-	-	618,355.88
	Repayment of loan from government of India	-	-	-	(33,900.00)	(51,685.00)
	Net Increase in loan from ADB due to Exchange Loss after Adjustment of Repayments	(6,133.29)	(159.09)	(683.98)	3837.25	1,459.42
	Proceeds from issue of Capital Gains Tax-Free Bonds	5,57,274.20	4,28,117.00	3,34,340.40	2,94,212.90	290,206.80
	Proceeds from issue of Tax Free Bonds 2015-16, including Premium		19,00,703.22			
	Proceeds from issue of Tax Free			-	500045.46	

SL.Nos.	Particulars	FOR THE YEAR ENDED MARCH 31				
		2017	2016	2015	2014	2013
	(1)	(3)	(4)	(5)	(6)	(7)
	Bonds 2013-14, including Premium					
	Proceeds from issue of Taxable bonds	27,54,500.00				
	Redemption of Capital Gains Tax-Free Bonds	(2,94,212.90)	(2,90,206.80)	(2,51,151.50)	(216010.60)	(115,363.10)
	Interest and other expenditure on Bond	(4,06,816.15)	(2,22,770.32)			
	Proceeds from issue of Tax- Free Bonds 2011-12					
	Capital reserve (Negative Grant) for BOT projects					
	Net cash used in financing activities	40,51,459.33	41,37,250.94	12,63,721.84	1754307.88	1,710,195.57
	Net increase/(decrease) in cash and cash equivalents	2,03,911.43	4,06,844.49	(6,19,745.53)	113974.65	(327,204.85)
	Opening cash and cash equivalents	6,74,079.72	2,67,235.23	8,86,980.76	773006.11	1,100,210.97
	Closing cash and cash equivalents	8,77,991.14	6,74,079.72	2,67,235.23	886980.76	773,006.11
	Notes:					
	Cash and cash equivalents include:					
	Cash and cheques in hand / in transit	114.81	4.39	38.57	223.07	5.57
	Balance with banks: -In Current Account	8,11,682.59	73,702.37	98,690.56	42580.02	179,641.48
	- In FD account	25,882.86	6,00,372.95	1,68,506.10	844177.66	593,359.06
	Balance as per books of account	8,37,680.26	6,74,079.72	2,67,235.23	886980.76	773,006.11

Key Financial Indicators

(Rs. in lakh)

Parameters	FY 2017	FY 2016	FY 2015
Net worth*	1,39,59,380.47	1,25,52,206.57	1,04,52,085.64
Total Debt	75,38,464.71	45,27,036.70	24,89,285.59
of which-Non Current Maturities of Long Term Borrowing**	N.A	N.A.	N.A.
- Short Term Borrowing**	N.A	N.A.	N.A.
- Current Maturities of Long Term Borrowing**	N.A	N.A.	N.A.
Net Fixed Assets	4,675.97	4,653.21	4,775.43
Non Current Assets**	N.A	N.A.	N.A.
Cash and Cash Equivalents	8,37,680.26	6,74,079.72	2,67,235.23
Current Investments**	N.A	N.A.	N.A.
Current Assets (including loans & advances)	41,87,028.21	33,14,307.25	17,33,237.32
Current Liabilities (including provisions)	31,91,219.03	26,39,879.69	16,30,484.00
Net sales	N.A.	N.A.	N.A.
EBITDA^	N.A.	N.A.	N.A.
EBIT^	N.A.	N.A.	N.A.
Interest	Nil	Nil	Nil
Profit/(loss) after tax^	N.A.	N.A.	N.A.
Dividend amounts	Nil	Nil	Nil
Current ratio	1.31	1.26	1.06
Interest coverage ratio	N.A.	N.A.	N.A.
Gross debt/equity ratio	0.54	0.36	0.24
Debt Service Coverage Ratios	N.A	N.A.	N.A.

* *Networth = Capital + Reserve & Surplus*

** *Not applicable as NHAI is not required to prepare financials as per Revised Schedule VI*

^ Not Applicable as NHAI accounting policy considers Net profit/loss as excess of expenditure over income which is transferred to CWIP. Furthermore, Interest expenditure does not form part of Profit & Loss Account and is directly debtited to CWIP. Accordinlgy, these cannot be computed.

Note: Annual reports of NHAI are available on its website.

Note: For Auditors qualification and Management response please refer to Appendix V.

GENERAL INFORMATION

NHAI, an autonomous body under the Ministry of Road Transport & Highways, GoI, established under Section 3 of the NHAI Act on June 15, 1989 and having a perpetual succession and common seal.

Head Office of NHAI

G - 5 & 6, Sector 10
Dwarka, New Delhi – 110075
Tel.: +91 11 25074100/25074200
Fascimile: +91 11 2509 3507
Website: www.nhai.gov.in

ComplianceOfficer

Mr. S. Q. Ahmad
General Manager (Finance)
National Highways Authority of India
Head Office, G - 5 & 6, Sector 10
Dwarka, New Delhi – 110 075
Tel.: +91 11 25074100/200, Extension: 1306
Fascimile: +91 11 25076507
Email: bharatmalabonds@nhai.org

Investors may contact the Registrar or the Compliance Officer to the Issue in case of any pre-Issue or post-Issue related problems such as credit of allotted Bonds in the respective beneficiary account or refund, etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of Bonds applied for, Series of Bonds applied for, amount paid on application, Depository Participant, DP ID, Client ID and the Bidding Centres of where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA centres, giving full details such as name, address of Applicant, Application Form number, series/option applied for, number of Bonds applied for and amount blocked on Application.

All grievances arising out of Applications for the Bonds made through the Online Stock Exchange Mechanism or through Trading Members may be addressed directly to the relevant Stock Exchange.

Member (Finance)*

ShriAsheesh Sharma, IAS
Member (Finance)
National Highways Authority of India
Head Office
G – 5 & 6, Sector 10, Dwarka
New Delhi - 110075
Tel.: +91 11 25074100, 25074200
Fascimile: + 91 11 25093542
E-mail: memberfinance@nhai.org

* *The Issuer does not have a designated Chief Financial Officer. The finance function is headed by Shri Asheesh Sharma who is the Member (Finance) of the Issuer, whose particulars are given above.*

Lead Managers to the Issue

Edelweiss Financial Services Limited
Edelweiss House, Off CST Road, Kalina, Mumbai-400 098
Tel.: +91 22 4086 3535
Facsimile: +91 22 4086 3610
Email: Bharatmala.Bonds@edelweissfin.com
Investor Grievance Email: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Mr. Mandeep Singh / Mr. Lokesh Singhi
Compliance Officer: Mr. B. Renganathan
SEBI Registration No.: INM0000010650

A. K. Capital Services Limited
30-39 Free Press House, 3rd Floor,
Free Press Journal Marg
215, Nariman Point,
Mumbai 400021
Tel.: +91-2267546500;
Facsimile: +91-2266100594
E-mail: nhaincd2018@akgroup.co.in
Investor Grievance Email: investor.grievance@akgroup.co.in
Website: www.akgroup.co.in
Contact Person: Ms. Shilpa Pandey/Mr. Malay Shah
Compliance Officer: Mr. Tejas Davda
SEBI Registration No.: INM000010411

Axis Bank Limited
Axis House, 8th Floor,
C-2, Wadia Intenational Centre,
P.B. Marg, Worli, Mumbai- 400 025
Tel: +91 22 66043293
Fax: +91 22 24253800
E-mail: nhai.july2018@axisbank.com
Investor Grievance E-mail: investor.grievance@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Vikas Shinde
Compliance Officer: Mr. Sharad Sawant
SEBI Registration No.: INM000006104

SBI Capital Markets Limited
202, Maker Tower 'E',
Cuffe Parade,
Mumbai 400 005
Tel.: + 91 22 2217 8300
Facsimile: +91 22 2218 8332
E-mail: bharatmalabonds@sbicaps.com
Investor Grievance Email: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Mr. Vivek Khurana
Compliance Officer: Mr. Bhaskar Chakraborty
SEBI Registration: INM000003531

Trust Investment Advisors Private Limited
109 & 110, First Floor,
Balarama Premises Co-Op Soc,
Village Parigkhari,
Bandra Kurla Complex, Bandra (E),
Mumbai Mahrashtra-400051
Tel.: +91 22 4084 5000
Fax: +91 22 4084 5007
E-mail: Trust.Bharatmala@trustgroup.in

Investor Grievance Email: customercare@trustgroup.in
Website: www.trustgroup.in
Contact Person: Ms. Hetal Sonpal
Compliance Officer: Mr. Ankur Jain
SEBI Registration No.: INM000011120

Legal Advisor to the Issuer

MVKini, Law Firm
"Kini House", 6/39 Jangpura-B
New Delhi-100014
Tel.: +91 11 2437 1038/39/40
Fax: +91 11 2437 9484
Website: www.mvkini.com
Contact Person: Mrs. Raj Rani Bhalla

Bond Trustee

Vistra ITCL (India) Limited
The IL&FS Financial Centre
Plot C-22, G-Block
7th Floor, Bandra Kurla Complex
Bandra East, Mumbai - 400 051
Tel: +91 (022) 28593150
Fax: +91 (022) 26533297
E-mail: itclcomplianceofficer@vistra.com
Contact Person: Mr. Jatin Chunani
SEBI Regn No: IND000000578

* *Vistra ITCL (India) Limited has given its consent vide letter dated July 31, 2018 to the Issuer for its appointment under regulation 4(4) of SEBI Debt Regulations and for its name to be included in this Draft Shelf Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued pursuant to this Issue.*

All the rights and remedies of the Bondholders under this Issue shall vest in and shall be exercised by the appointed Bond Trustee for this Issue without having it referred to the Series Bondholders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Bond Trustees appointed by the Issuer for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by the Issuer to the Series Bondholders in such capacity. Any payment by the Issuer to the Series Bondholders/Bond Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge the Issuer from any liability to the Series Bondholders. For further details, please see section "Terms of the Issue" of this Draft Shelf Prospectus, the Shelf Prospectus and the relevant Tranche Prospectus.

Statutory Auditors

As per Section 23 of the NHAI Act, the accounts of the Authority shall be maintained and audited in such manner as may, in consultation with the Comptroller and Auditor General of India, be prescribed and the Authority shall furnish, to the Central Government before such date as may be prescribed, its audited copy of accounts together with the auditors report thereon.

Further, in terms of Section 23 of the NHAI Act, Comptroller and Auditor General of India is the permanent auditor of NHAI. Therefore, there has been no change in the auditor of NHAI in last three years.

Independent Chartered Accountant of NHAI for the Issue

PSMG & Associates, Chartered Accountants
378, Ram Nagar, Kirana Mandi,
Ghaziabad-201001, Delhi
Tel: +91-9958709723
E-mail: caraghvendragoel@gmail.com
Contact Person: Bharti Prabhakar Negi
Firm Reg. No.: 008567C

Registrar to the Issue

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No. 31-32 Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032
Tel.: +91 40 6716 2222
Fax: +91 40 2343 1551
E-mail: einward.ris@karvy.com
Investor Grievance Email: nhai.bond@karvy.com
Website: www.karisma.karvy.com;
Contact Person: Mr. Murli Krishna M.
SEBI Regn. No.: INR000000221

Public Issue Account Bank

[•]

Refund Bank

[•]

Lead Brokers

[•]

Note: NHAI reserves the right to appoint additional Lead Brokers in different Tranches.

Credit Rating Agencies

INDIA RATINGS AND RESEARCH PRIVATE LIMITED
Wockhardt Towers,
4th Floor, Bandra Kurla Complex, Bandra East,
Mumbai- 400051
New Delhi-110 001
Tel.: +91 22 4000 1700
Fax: +91 22 4000 1701
E-mail: shrikant.dev@indiaratings.co.in
Website: www.indiaratings.co.in
Contact Person: Shrikant Dev, Compliance Officer
SEBI Regn. No.: IN/CRA/002/1999

CARE RATINGS LIMITED
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110055
Tel.: +91 11 4533 3200
Fax: +91 11 4533 3238
E-mail: jasmeen.kaur@careratings.com
Website: www.careratings.com
Contact Person: Mr. Jasmeen Kaur
SEBI Regn. No.: IN/CRA/004/1999

ICRA Limited
Electric Mansion, 3rd Floor, Appasaheb Marathe Marg,
Prabhadevi, Mumbai-400025
Tel.: +91 2261143406;
Fax: +91 2224331390
E-mail: aghosh@icraindia.com
Website: www.icra.in;
Contact Person: Mr. Anjan Ghosh
SEBI Regn. No.: IN/CRA/008/2015

CRISIL Limited
Central Avenue, Hiranandani Business Park, Powai
Mumbai – 400076, India
Tel.: +91 22 3342 3000
Fax: +91 22 3342 3001
E-mail: sachin.gupta@crisil.com
Website: www.crisil.com
Contact Person: Sachin Gupta
SEBI Regn. No.: IN/CRA/001/1999

Credit Rating and Rationale

IRRPL vide its letter dated August 16, 2018 has assigned a credit rating of "IND AAA"; Outlook Stable, CARE vide its letter dated August 10, 2018 has assigned a credit rating of "CARE AAA"; Stable and ICRA vide its letter dated August 10, 2018 has assigned a credit rating of "ICRA AAA"; Stable Outlook and CRISIL vide its letter dated August 17, 2018 has assigned a credit rating of "CRISIL AAA/Stable". Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Instruments with these ratings are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings. For details in relation to the rationale for the credit rating by IRRPL, CARE, ICRA and CRISIL, please refer **Appendix - III**.

Expert Opinion

Except the report dated September 25, 2018 on Financial Statements of NHAI and its SPVs and associate company, Limited Review Report for year ending March 31, 2018 and Statement of Tax Benefits of NHAI dated September 25, 2018 issued by PSMG & Associates, Independent Chartered Accountants of NHAI for the Issue, NHAI has not obtained any other expert opinion.

Minimum Subscription for the Issue

In terms of SEBI Circular bearing reference no. CIR/IMD/DF/12/2014 datedJune 17, 2014, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue (as specified in the relevant Tranche Prospectus). If NHAI does not receive the minimum subscription of 75% of the Base Issue (as specified in the relevant Tranche Prospectus), the entire subscription amount shall be refunded to the Applicants within 12 days from the date of closure of the Issue. In the event, there is a delay, by NHAI in making the aforesaid refund within the prescribed time limit, NHAI will pay interest at the rate of 15% per annum for the delayed period.

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, refer to the above-mentioned link.

Syndicate SCSB Branches

In relation to Bids submitted under the ASBA process to Lead Brokers, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of the ASBA Forms from the Lead Brokers is available on the website of SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI at http: //www.sebi.gov.in/sebiweb/other/ OtherAction.do?do Recognised=yes.

Registered Brokers / RTAs / CDPs

Bidders can submit ASBA Forms in the Offer using the stock broker network of the Stock Exchanges, i.e., through the Registered Brokers at the Broker Centres.

The list of the Registered Brokers, RTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the websites of the BSE at http://www.bseindia.com and NSE at https://www.nseindia.com, as updated from time to time.

In relation to Applications submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the ASBA Forms from the Registered Brokers is available on the website of the SEBI at www.sebi.gov.in and updated from time to time.

For further details, please see the section titled ***"Issue Procedure"*** on page 151 of this Draft Shelf Prospectus.

Issue programme

ISSUE PROGRAMME*	
ISSUE OPENS ON	**ISSUE CLOSES ON**
As specified in the relevant in the Tranche Prospectus(es)	As specified in the relevant in the Tranche Prospectus(es)

Applications shall be accepted only between 10.00 A.M. and 5.00 P.M. (Indian Standard Time), or such extended time as may be permitted by the Stock Exchanges during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the centres of Designated Intermediaries. On the Issue Closing Date, Applications shall be accepted only between 10.00 A.M. and 3.00 P.M. (Indian Standard Time) and shall be uploaded until 5.00 P.M. or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the electronic application system of the Stock Exchanges would be rejected.

Due to limitation of time available for uploading the Application Forms on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, in any case, no later than 3.00 P.M. on the Issue Closing Date. All times mentioned in this Draft Shelf Prospectus, Shelf Prospectus and relevant Tranche Prospectus are Indian Standard Times. Applicants are cautioned that in the event a large number of Application Forms are received on the Issue Closing Date, some Application Forms may not be uploaded due to lack of sufficient time. Such Application Forms that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither the Issuer nor the Lead Managers, Lead Brokers or Trading Members of the Stock Exchanges are liable for any failure in uploading the Application Form due to failure in any software/hardware system or otherwise.

* *The subscription list for the Issue shall remain open for subscription, from 10:00 A.M. to 5:00 P.M (Indian Standard Time) during the period indicated above, with an option for early closure or extension, as may be decided by the Board of Members or the Bond Committee. In the event of such early closure or extension of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before the day of such early date of closure or the initial Issue Closing Date, as the case may be, through advertisement/s in at least one nationaldaily newspaper with wide circulation.*

CAPITAL STRUCTURE

NHAI is an autonomous body under MoRTH. It is established and governed by the NHAI Act. NHAI is not a company in terms of the Companies Act and accordingly NHAI does not have a share capital.

Details of Capital of NHAI

NHAI has not issued any shares against Capital and Capital Grants invested by GoI (in pursuance of NHAI Act).

The Capital of NHAI as on September 30, 2018**,** is set forth below:

Particulars		Amount (Rs. in lakh)
i) Capital u/s 12(i)(b) - Commencing Capital		
ii) Capital u/s 17		
Capital Base		80,100.00
Cess Fund (up to March 31, 2018)	1,05,91,865.00	
Add: Cess fund received during Financial Year 2018-19 (up to September 30, 2018)	11,06,900.00	
Additional Budgetary Support (NHDP and others)	17,98,254	
Capital – Net off toll collection, negative grant etc. upto March 31, 2010	6,18,355.88	
Plough back of Toll Remittance, etc. w.e.f. April 01, 2010	45,95,203.00	
Less: Expenditure on Toll Collection Activities (up to w.e.f. April 1, 2010)	(1,65,996.51)	
(Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (w.e.f. April 1, 2010).	(4,05,513.76)	
Plough back transferred to SPVs	(17,407.23)	
Transfer of Exceptional item from P & L A/c	(40,310.88)	
Sub-Total		1,80,81,349.51
Total		**1,81,61,449.51**

Capital History of NHAI upto September 30, 2018

1) Capital Base build-up

There have been no changes in the Capital base build-up of NHAI in the last five years.

2) Cess Fund Build-up since the last five financial years:

(Rs.in lakh)

S. No.	Date*	Investor	Amount	Cumulative Amount
1.	July 5, 2013	MoRTH, GoI	1,71,436.00	63,71,372.00
2.	September 17, 2013	MoRTH, GoI	1,71,436.00	65,42,808.00
3.	October 28, 2013	MoRTH, GoI	1,71,436.00	67,14,244.00
4.	February 04, 2014	MoRTH, GoI	1,71,437.00	68,85,681.00
5.	September 17, 2014	MoRTH, GoI	4,78,290.00	73,63,971.00
6.	November 05, 2014	MoRTH, GoI	2,10,299.00	75,74,270.00
7.	May 20, 2015	MoRTH, GoI	4,60,500.00	80,34,770.00
8.	July 23, 2015	MoRTH, GoI	4,60,500.00	84,95,270.00
9.	September 28, 2015	MoRTH, GoI	4,60,500.00	89,55,770.00
10.	December 30, 2015	MoRTH, GoI	16,05,00.00	91,16,270.00
11.	June 9, 2016	MoRTH, GoI	2,00,000.00	93,16,270.00
12.	July 5, 2016	MoRTH, GoI	2,00,000.00	95,16,270.00
13.	August 5, 2016	MoRTH, GoI	2,07,650.00	97,23,920.00
14.	January 18, 2017	MoRTH, GoI	(375,000.00)	93,48,920.00
15.	April 17, 2017	MoRTH, GoI	3,85,736.00	97,34,656.00

S. No.	Date*	Investor	Amount	Cumulative Amount
16.	July 17, 2017	MoRTH, GoI	3,85,736.00	1,01,20,392.00
17.	September 26, 2017	MoRTH, GoI	3,71,473.00	1,04,91,865.00
18.	December 20, 2017	MoRTH, GoI	1,00,000.00	1,05,91,865.00
19.	April 12, 2018	MoRTH, GoI	4,02,300.00	1,09,94,165.00
20.	June 15, 2018	MoRTH, GoI	4,02,300.00	1,13,96,465.00
21.	September 19, 2018	MoRTH, GoI	3,02,300.00	1,16,98,765.00

** Date of Sanction and not the date of release of funds.*

3) Additional Budgetary Support (NHDP and others) Build-up

(Rs. in lakh)

S. No.	Date*	Investor	Amount	Cumulative Amount
1.	March 26, 2013	MoRTH	20,074.00	508,462.00
2.	March 26, 2013	MoRTH	4,811.00	513,273.00
3.	February 18, 2013	MoRTH	115,954.00	629,227.00
4.	March 31, 2013	MoRTH	7,058.00	636,285.00
5.	May 08, 2013	MoRTH	10,000.00	646,285.00
6.	June 27, 2013	MoRTH	40,000.00	686,285.00
7.	January 13, 2014	MoRTH	17,826.00	704,111.00
8.	January 13, 2014	MoRTH	17,214.00	721,325.00
9.	March 31,2015	MoRTH	60,000.00	781,325.00
10.	March 29, 2016	MoRTH	37,027.00	818,352.00
11.	April 29, 2016	MoRTH	1,000.00	819,352.00
12.	Jun 02, 2016	MoRTH	10,000.00	829,352.00
13.	September 23, 2016	MoRTH	375,000.00	1,204,352.00
14.	January 12, 2017	MoRTH	4,000.00	1,208,352.00
15.	March 09, 2017	MoRTH	100,000.00	1,308,352.00
16.	March 23, 2017	MoRTH	50,902.00	1,359,254.00
17.	March 31, 2017	MoRTH	24,000.00	1,383,254.00
18.	April 03, 2017	MoRTH	13,000.00	1,396,254.00
19.	December 26, 2017	MoRTH	150,000.00	1,546,254.00
20.	February 16, 2017	MoRTH	150,000.00	1,696,254.00
21.	March 07, 2018	MoRTH	90,000.00	1,786,254.00
22.	March 19, 2018	MoRTH	12,000.00	1,798,254.00

**Date of Sanction and not the date of release of funds.*

4) Capital – Net off toll collection, negative grant etc. upto March 31, 2010

The GoI has decided that from April 1, 2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India and additional budgetary provisions would be provided for expenditure from the Consolidated Fund of India in line with the amount deposited by NHAI in Consolidated Fund of India.

Accordingly, net current liability of pre April 1, 2010 period on account of toll and negative grant etc. stood at Rs. 618,355.88 lakh. This amount had already been utilised on project development and was no longer payable to GoI. During Financial Year 2012-13, the same has been transferred to capital.

5) Additional Budgetary Support (Plough back of Toll Remittance, etc.) Build-up

(Rs. in lakh)

S. No.	Date*	Investor	Amount	Cumulative Amount
1.	June 26, 2013	MoRTH, GoI	1,19,250.00	7,28,539.00
2.	September 24, 2013	MoRTH, GoI	1,19,250.00	8,47,789.00
3.	October 28, 2013	MoRTH, GoI	1,19,250.00	9,67,039.00
4.	December 27, 2013	MoRTH, GoI	1,19,250.00	10,86,289.00
5.	July 26, 2014	MoRTH, GoI	1,36,200.00	12,22,489.00

S. No.	Date*	Investor	Amount	Cumulative Amount
6.	September 17, 2014	MoRTH, GoI	1,36,200.00	13,58,689.00
7.	October 27, 2014	MoRTH, GoI	1,36,200.00	14,94,889.00
8.	December 31, 2014	MoRTH, GoI	1,36,200.00	16,31,089.00
9.	May 25, 2015	MoRTH, GoI	1,62,500.00	17,93,589.00
10.	July 30, 2015	MoRTH, GoI	1,62,500.00	19,56,089.00
11.	September 30, 2015	MoRTH, GoI	1,62,500.00	21,18,589.00
12.	December 14, 2015	MoRTH, GoI	1,62,500.00	22,81,089.00
13.	May 17, 2016	MoRTH, GoI	1,25,000.00	24,06,089.00
14.	July 28, 2016	MoRTH, GoI	1,25,000.00	25,31,089.00
15.	September 23, 2016	MoRTH, GoI	1,25,000.00	26,56,089.00
16.	January 18, 2017	MoRTH, GoI	3,75,000.00	30,31,089.00
17.	April 20, 2017	MoRTH, GoI	2,11,553.00	32,42,642.00
18.	July 17,2017	MoRTH, GoI	2,11,554.00	3,454,196.00
19.	September 26, 2017	MoRTH, GoI	2,11,554.00	3,665,750.00
20.	December 20, 2017	MoRTH, GoI	2,11,553.00	38,77,303.00
21.	April 12, 2018	MoRTH, GoI	2,39,300.00	41,16,603.00
22.	June 15, 2018	MoRTH, GoI	2,39,300.00	43,55,903.00
23.	September 19, 2018	MoRTH, GoI	2,39,300.00	45,95,203.00

** Date of Sanction and not the date of release of funds.*

List of top ten holders of outstanding debt instruments, as on September 30, 2018

S. NO.	NAME	VALUE (in Rs.)
1	LIFE INSURANCE CORPORATION OF INDIA	2,10,00,00,00,000
2	CBT EPF	2,00,00,00,00,000
3	WIPRO LIMITED	15,76,41,88,000
4	STATE BANK OF INDIA	14,96,08,44,000
5	THE HONGKONG AND SHANGHAI BANKING CORP. LTD.	14,58,26,94,000
6	NPS TRUST	13,95,60,00,000
7	HDFC TRUSTEE COMPANY LTD. MUTUAL FUNDS	11,60,00,00,000
8	IDFC BANK LIMITED	9,91,15,46,000
9	BANK OF INDIA	9,80,00,00,000
10	PUNJAB NATIONAL BANK	9,18,00,00,000

The investments by above entities through their sub-schemes with same PAN have been clubbed

Debt to Capital ratio:

The Debt to Capital ratio prior to this Issue is based on a total outstanding unconsolidated debt of Rs. 1,48,48,615.68 lakh and Capital amounting to Rs. 1,81,61,449.51 lakh as on September 30, 2018. The Debt to Capital ratio post the Issue, (assuming subscription of taxable, secured, redeemable, non- convertible Bonds aggregating to Rs.10,00,000 lakh) would be 0.87 times, and is based on a total outstanding debt of Rs. 1,58,48,615.68 lakhs and Capital of Rs. 1,81,61,449.51 lakh as on September 30, 2018.

(Rs. in lakh)

PARTICULARS	Pre-Issue	Post-Issue*
Debt		
Short term	-	-
Long term	1,48,48,615.68	1,58,48,615.68
Total Debt	1,48,48,615.68	1,58,48,615.68
Shareholder's Funds		

PARTICULARS	Pre-Issue	Post-Issue*
Capital		
i) Capital u/s 12(i)(b)- Commencing Capital		
ii) Capital u/s 17		
a) Capital Base	80,100.00	80,100
b) Cess Fund (upto March 31, 2018)	1,05,91,865.00	1,05,91,865.00
Add: Cess fund received during Fiscal Year 2018-19 (up to September 30, 2018)	11,06,900.00	11,06,900.00
c) Additional Budgetary Support (NHDP)	14,21,670.00	14,21,670.00
d) Additional Budgetary Support (Others)	3,76,584.00	3,76,584.00
e) Capital -Net off Toll Collection, Negative Grant etc. upto March 31, 2010	6,18,355.88	6,18,355.88
f) Plough back of Toll Remittance, etc. w.e.f. April 01, 2010	45,95,203.00	45,95,203.00
Less: 1) Expenditure on Toll Collection Activities (w.e.f. April 01, 2010)	1,65,996.51	1,65,996.51
2) (Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (wef. April 01, 2010).	4,05,513.76	4,05,395.07
3) Plough back transferred to SPVs	17,407.23	17,407.23
4) Transfer of Exceptional item from P & L A/c	40,310.88	40,310.88
Total	1,81,61,449.51	1,81,61,568.19
Reserves & Surplus	0.00	0.00
Total Shareholder's Funds	1,81,61,449.51	1,81,61,568.19
Long term Debt/Equity Ratio (No. of times) =Long term Debt/Total Shareholder's Funds	0.82	0.87
Debt Capital Ratio (No. of times) = Total Debt/Total Shareholder's Funds	0.82	0.87

Note:
1. *Issue for the purpose of post issue calculation means-Taxable, secured, redeemable, non- convertible bonds of face value of Rs.1,000 each in the nature of debentures ("bonds") not exceeding an aggregate amount of Rs. 10,000 crore ("Shelf Limit") by way of issuance of bonds in one or more tranches.*
2. *Post issue numbers have been calculated after increasing the debt by Rs. 10,000 crore but no corresponding change has been made in capital.*
3. *NHAI does not have any share capital.*

* *Assuming that entire amount* Rs. 10,000 Crore *will be fully subscribed and there is no change in our shareholders' funds, long and short term debt.*

For details on the total outstanding debt of NHAI, please refer to the section titled ***"Financial Indebtedness"*** beginning on page 111 of this Draft Shelf Prospectus.

Details of Share Capital history as on last quarter end.

NHAI is constituted under the NHAI Act and is therefore not a company. Thus, NHAI does not have any share capital.

Changes in the capital structure as on last quarter end.

NHAI is constituted under the NHAI Act and is therefore not a company. Thus, otherwise as provided herein above there are no changesin the capital structure.

Details of any Acquisition or Amalgamation in the last one year.

NHAI has not entered into any acquisition or amalgamation in the last one year.

Details of any Reorganisation or Reconstruction in the last one year.

NHAI has not done any reorganization or reconstruction in the last one year.

Details of Shareholding as on last quarter end.

NHAI is governed by the NHAI Act. Accordingly, NHAI does not have a shareholding pattern and only has members as prescribed under the NHAI Act. For further details, refer to "***Our Management***" on page 100 of this Draft Shelf Prospectus.

Top 10 holders of equity shares.

NHAI is an entity constituted under the NHAI Act and therefore does not have any equity shares.

OBJECTS OF THE ISSUE

NHAI Act mandates NHAI to utilize the funds credited to the National Fund of the Highways Authority of India Fund (the **"Fund"**) for *inter-alia*, meeting expenses of the Authority in discharge of its functions having regard to the purposes for which such grants, loans or borrowings are received.

Section 18 of NHAI Act provides the details of credits and debits to this Fund of the Authority as produced hereinbelow:

> *"18. (1) There shall be constituted a Fund to be called the National Fund of the Highways Authority of India Fund and there shall be credited thereto:*
>
> *(a) any grant or aid received by the Authority;*
> *(b) any loan taken by the Authority or any borrowings made by it;*
> *(c) any other sums received by the Authority.*
>
> *(2) The Fund shall be utilized for meeting:*
>
> *(a) expenses of the Authority in the discharge of its functions having regard to the purposes for which such grants, loans or borrowings are received and for matters connected therewith or incidental thereto;*
> *(b) salary, allowances, other remuneration and facilities provided to the members, officers and other employees of the Authority;*
> *(c) expenses on objects and for purposes authorized this Act."*

Further, the objects of NHAI as specified in NHAI Act permits it to undertake its existing activities as well as the activities for which the funds are being raised through the Issue.

Utilisation of Proceeds of the Issue

The proceeds of the Issue will be utilised towards part financing of different projects of the Issuer including Bharatmala Pariyojana of Government of India, as well as other operational, administrative and financial purposes etc. The words **"Bharatmala Bonds"** have been selected as nomenclature for the Bonds proposed to be issued. Prime focus of Bharatmala Pariyojana is to optimise the efficiency of the movement of goods and people across the country.

Under the Bharatmala Pariyojana, Government plans to build 50 new national corridors and connect 550 district centres with National Highways, focusing on optimizing efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps through effective interventions. Approximately 28,000 kms of roads are targeted to be developed in first phase.

Main Components under Phase -I are:

S. No.	Detail	Length	Outlay
1	44 Economic corridors	Total 26,200 km (9000 km in first phase)	Rs. 1,20,000,00 lakh
2	Inter-corridor - 66 Inter corridor Routes	Length - 8,400 km Feeder Roads - 116 Feeder Routes Length - 7,600 km Phase 1: 6,000 km	Rs. 80,00000 lakh
3	National Corridors Efficiency improvements	Phase 1: 5,000 km	Rs. 1,00,00,000 lakh
4	Border & International connectivity roads	2,000 kms	Rs. 25,00,000 lakh
5	Coastal & port connectivity roads	2,000 kms	Rs. 20,00,000 lakh
6	Expressways	800 km	Rs. 40,00,000 lakh

Around 24,800 kms will be taken up in Phase-I of Bharatmala, in addition to 10,000 kms of balance road works under NHDP, taking the total to 34,800 km.

This is to be implemented over a period of five years from 2017-18 to 2021-22 with approved outlay of Rs. 5,35,00,000 lakh. Bharatmala Pariyojana is a new umbrella programme that focuses on optimizing efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps through effective interventions.

The details of the proceeds of the Issue are summarized below:

Particulars	Estimated amount (in Rs. lakh)
Gross proceeds to be raised through each Tranche Issue	As mentioned in the relevant Tranche Prospectus
Less: - Tranche Issue related expenses	As mentioned in the relevant Tranche Prospectus
Net proceeds of the Tranche Issue after deducting the Tranche Issue related expenses	As mentioned in the relevant Tranche Prospectus

Funding Plan

To augment budgetary resources of the Government and othermethods of financing are being implemented by the Ministry/its implementing agencies.

Out of the total outlay of Rs. 5,35,00,000.00 lakh for Bharatmala Phase-I, about Rs. 90,00,000.00 lakh are proposed to be arranged through private investment. NHAI is borrowing from the market within the approved Internal Extra Budgetary Resources (IEBR).

In the Financial Year 2018-19 (till September 30, 2018), NHAI has raised a total of 28,11,120.00 lakh from various sources including Taxable Bonds from LIC and from market, 54EC Bonds and also loan from NSSF and SBI.

Summary of the project appraisal report

Not Available

Schedule for Implementation and Utilisation of Proceeds

In accordance with the SEBI Debt Regulations, NHAI will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is part of the same group or who is under the same management as NHAI. Further, NHAI is a statutory authority and, as such, we do not have any identifiable 'group' companies or 'companies under the same management' though we do have shareholding interest in certain Special Purpose Vehicles which are engaged in area specific development of port roads.

Interim Use of Proceeds

The Members of the Authority, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, the Authority intends to temporarily invest funds in high quality interest bearing liquid instruments, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities. Such investment would be in accordance with the investment policies approved by the Board thereof from time to time.

Monitoring of Utilization of Funds

In terms of the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. Board or the Bond Committee of the Authority shall monitor the utilisation of the proceeds of the Issue. NHAI will provide details of utilization of the funds raised through the Bonds within the specified time, as applicable. We shall utilize the proceeds of the Issue only upon the execution of trust deed as stated in this Draft Shelf Prospectus in the chapter ***"Terms of the Issue"*** on page 136 of this Draft Shelf Prospectus and upon the listing of the Bonds.

Proposed Issue Expenses

A portion of the Issue proceeds will be used towards Issue expenses. The following are the Issue expenses*:

(Rs. in lakh, except for percentage)

Particulars	Amount	Percentage of net proceeds (Issue proceeds less Issue expenses) of the Issue (in %)	Percentage of total expenses of the Issue (in %)
Fees payable to Intermediaries			
Registrar to the Issue	[•]	[•]	[•]
Legal Advisor	[•]	[•]	[•]
Bond Trustee	[•]	[•]	[•]
Lead Managers' Fee	[•]	[•]	[•]
Advertising and Marketing	[•]	[•]	[•]
Printing and Stationery cost	[•]	[•]	[•]
SCSB processing fee	[•]	[•]	[•]
Selling Commission and Brokerage	[•]	[•]	[•]
Other Miscellaneous Expenses	[•]	[•]	[•]
Total	[•]	[•]	[•]

**To be updated at Tranche Prospectus stage.*

NHAI shall pay processing fees to the SCSBs for ASBA forms procured from the Designated Intermediaries for blocking the application amount of the Applicant, at the rate of Rs.[●]# per Application Form procured. However, it is clarified that in case of ASBA Application Forms procured directlyby the SCSBs, the relevant SCSBs shall not be entitled to any ASBA processing fee.

#*To be updated at Tranche Prospectus stage.*

We shall utilise the Issue proceeds only on execution of trust deed and listing of Bonds as stated in this Draft Shelf Prospectus and on the listing of the Bonds.

Benefit / interest accruing to Members out of the object of the Issue

Members of NHAI are not interested in the Objects of the Issue.

STATEMENT OF TAX BENEFITS

September 25, 2018

To,

National Highways Authority of India
G 5&6, Sector 10, Dwarka,
New Delhi-110 075, India
(the "**Company**")

Dear Sirs,

Sub: Statement of tax benefits in relation to proposed public issue ("Issue") of secured, redeemable, nonconvertible debentures ("NCDs") by National Highways Authority of India

1. We, PSMG & Associates, Chartered Accountants, have performed the procedures agreed with you, *vide* the engagement letter dated September 6, 2018, and enumerated in paragraph 2 below with respect to the possible tax benefits available to the Debenture Holder(s), under the Income Tax Act, 1961, as amended (the "**IT Act**"), presently in force in India, in the enclosed Annexure I. Our engagement was performed in accordance with the Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India.

2. We have performed the following procedures:

   i) Read the statement of tax benefits as given in Annexure I, and
   ii) Evaluated with reference to the provisions of the IT Act to confirm that the same is in accordance with our interpretation of the existing tax laws and provisions.

3. Because the above procedures do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India, we do not express any assurance on the subject.

4. Had we performed additional procedures, or had we performed an audit or review of the financial information in accordance with generally accepted auditing standards of India, other matters might have come to our attention that would have been reported to you.

5. We confirm that the Statement of Tax Benefits as set out in Annexure I materially covers all the provisions of the IT Act as amended, with respect to Debenture Holder(s).

6. The amendments made by the Finance Act, 2018 have been incorporated to the extent relevant in the enclosed Annexure I.

7. Several of these benefits are dependent on the Debenture Holder(s) fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Debenture Holder(s) to derive the tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives the Debenture Holder(s) would face in the future. The Debenture Holder(s) may or may not choose to fulfill such conditions.

8. The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

9. Our views are based on the existing provisions of the Act and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retroactive, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein.

10. We do not express any opinion or provide any assurance as to whether:

- The Company or its debenture holders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits, where applicable have been or would be met with;
- The revenue authorities/courts will concur with views expressed herein.

11. The preparation of the contents stated is the responsibility of Company's management. We accept no responsibility to debenture holders or any third party and this should be stated in the Draft Shelf Prospectus, Shelf Prospectus and/or Prospectus and/or Tranche Prospectus(es). The contents of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

12. No assurance is given that the revenue authorities/ Courts will concur with the views expressed herein. Our views are based on existing provisions of law and its interpretation which could vary from others, and which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes.

13. This statement has been issued at the request of the Company in connection with the proposed issue of secured, redeemable NCDs for inclusion in the offer documents to be filed with the Securities and Exchange Board of India, the National Stock Exchange of India Limited and the BSE Limited or any other regulatory authorities, as required.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner
Membership No- 098358

Date: 25 September 2018
Place: Ghaziabad

Annexure I

Under the existing provisions of law, the following tax benefits, inter-alia, will be available to the Debenture Holder(s). The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The information given below lists out the possible benefits available to the Debenture Holder(s) of an Indian company in which public are substantially interested as defined in Section 2(18)(b)(B) of the Income Tax Act, 1961, in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the debenture. The Debenture Holder is advised to consider in its own case, the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible. We are not liable to the Debenture Holder(s) in any manner for placing reliance upon the contents of this statement of tax benefits. This statement has been prepared solely in connection with the Issue under the Regulations as amended.

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

A. Under the Income-Tax Act, 1961 ("I.T. Act")

I. Tax benefits available to the Resident Debenture Holders

1. Interest on debentures received by resident debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act.

2. As per section 2(29A) read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. As per section 112 of the I.T. Act, capital gains arising on the transfer of long-term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration. However, as per the third proviso to section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds. Accordingly, long term capital gains arising to the Debenture Holder(s), would be subject to tax at the rate of 10%, computed without indexation, as the benefit of indexation of cost of acquisition is not available in case of debentures. In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

3. As per section 2(42A) of the I.T. Act, a listed debenture is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at para 2 above would also apply to such short term capital gains.

4. In case debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

5. Securities Transaction Tax ("STT") is a tax levied on all transactions in specified securities done on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the debentures.

6. Income tax is deductible at source on interest on debentures, payable to resident debenture holders at the time of credit/ payment as per the provisions of section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:

   a) Any security issued by a Company in a dematerialised form and is listed on recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.

b) In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF'), Debenture Holder does not or is not likely to exceed ₹ 5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.

c) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.

d) (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However, under section 197A(1B) of the I.T. Act, "Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax". Further, section 87A provides a rebate of 100 percent of income-tax or an amount of Rs. 2,500 whichever is less to a resident individual whose total income does not exceed Rs. 3,50,000.

(ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.

(iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

7. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess.

8. Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act

9. As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming setoff against subsequent year's long-term capital gains.

II. Tax benefits available to the Non-Resident Debenture Holders

1. A non-resident Indian has an option to be governed by Chapter XII-A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:

a) As per section 115C(e) of the Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

b) As per section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

c) As per section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein. However, if the new assets are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the new assets are transferred or converted into money.

d) As per section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.

e) As per section 115H of the I.T. Act, where a non-resident Indian becomes assessable as resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

2. In accordance with and subject to the provisions of section 115-I of the I.T. Act, a non-resident Indian may opt not to be governed by the provisions of Chapter XII-A of the I.T. Act. In that case,

a) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.

b) Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act

c) Where debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E of the I.T. Act, and at the normal rates for Short Term Capital Gains if the payee debenture holder is a non-resident Indian.

4. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered (other than the long-term capital assets whose gains are exempt under Section 10(38) of the I.T. Act) during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

5. Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 195 of the I.T. Act6. The income tax deducted shall be increased by surcharge as under:

   a) In the case of non-resident Indian, surcharge at the rate of 10% of such tax liability (if net income exceeds Rs. 50,00,000 and does not exceed Rs. 1,00,00,000) and 15% of such tax liability (if net income exceeds Rs. 1,00,00,000) subject to deduction.

   b) In the case of foreign companies, surcharge at the rate of 2% of such tax liability where the income or the aggregate of such income paid or likely to be paid and subject to deduction exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000, surcharge at the rate of 5% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds Rs. 10,00,00,000.

   c) In case of domestic companies, where the income paid or likely to be paid exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000 a surcharge of 7% of such tax liability is payable and when such income paid or likely to be paid exceeds Rs. 10,00,00,000, surcharge at 12% of such tax is payable.

   d) Cess is to be applied at 4% on aggregate of base tax and surcharge.

6. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of tax residency certificate ("**TRC**"), is a mandatory condition for availing benefits under any DTAA. If the TRC does not contain the information prescribed by the CBDT vide its Notification No. 57/2013 dated 1 August 2013, a self-declaration in Form 10F would need to be provided by the assessee along with TRC.

7. Alternatively, to ensure non-deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 195(2) & 195(3) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of section 206AA.

III. Tax benefits available to the Foreign Portfolio Investors ("FPIs")

1. As per Section 2(14) of the I.T. Act, any securities held by FPIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FPIs as capital gains.

2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.

3. Income other than capital gains arising out of debentures is taxable at 20% (plus applicable surcharge and cess) in accordance with and subject to the provisions of Section 115AD of the I.T. Act.

4. Section 194LD in the I.T. Act provides for lower rate of withholding tax at the rate of 5% (plus applicable surcharge and cess) on payment by way of interest paid by an Indian company to FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1, 2013 and July 1, 2020 provided such rate does not exceed the rate as may be notified by the Government.

5. In accordance with and subject to the provisions of section 196 D (2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FPIs.

6. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.

IV. Tax benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf. Further, as per the provisions of Section 196 of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10 (23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

V. Exemption under Sections 54EC and 54F of the I.T. Act

1. Under section 54EC of the I.T. Act, long term capital gains arising to the Debenture Holder(s) on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. However, the amount of exemption with respect to the investment made in the aforesaid notified bonds during the financial year in which the debentures are transferred and the subsequent financial year, should not exceed Rs. 50 lakh. Where the benefit of section 54EC of the I.T. Act has been availed on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the I.T. Act. However, Union Budget 2018 has discontinued for the above benefit on all asset except Land and Building.

2. As per the provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a debenture holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the condition that the debenture holder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred. Similarly, if the debenture holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

VI. Requirement to furnish PAN under the I.T. Act

1. Section 139A(5A) of the I.T. Act requires every person receiving any sum or income or amount from which tax has been deducted under Chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deducting such tax.

2. Section 206AA of the I.T. Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB (“deductee”) to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:

(i) at the rate specified in the relevant provision of the I.T. Act; or
(ii) at the rate or rates in force; or
(iii) at the rate of twenty per cent.

3. As per Rule 37BC, the higher rate under section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect of payment of interest, if the non-resident deductee furnishes the prescribed details inter alia TRC and Tax Identification Number (TIN).

4. A declaration under Section 197A (1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (1) above in such a case.

5. Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (1) above will apply apart from penal consequences.

VII. Taxability of Gifts received for nil or inadequate consideration

As per section 56(2)(x) of the I.T. Act, where any person receives debentures from any person on or after 1st April, 2017:

a) without consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;

b) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration; shall be taxable as the income of the recipient at the normal rates of tax. The above is subject to few exceptions as stated in section 56(2)(x) of the I.T. Act.

VIII. General Anti-Avoidance Rule ('GAAR)

In terms of Chapter XA of the I.T. Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the I.T. Act. By this Rule, any arrangement entered into by an assessee may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be interalia denial of tax benefit, applicable w.e.f 1-04-2017. The GAAR provisions can be said to be not applicable in certain circumstances viz. the main purpose of arrangement is not to obtain a tax benefit etc. including circumstances enumerated in CBDT Notification No. 75/2013 dated 23 September, 2013.

NOTES:

1. The statement of tax benefits enumerated above is as per the Income-tax Act, 1961, as amended by the Finance Act, 2018.

2. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.

3. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non resident has fiscal domicile.

4. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty.

5. Surcharge is levied on individuals, HUF, association of persons, body of individuals and artificial juridical person at the rate of 10% on tax where total income exceeds Rs. 50 lakh but does not exceed Rs. 1 crore and at the rate of 15% on tax where the total income exceeds Rs. 1 crore.

6. Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds Rs. 1 crore.

7. Surcharge is levied on domestic companies at the rate of 7% on tax where the income exceeds Rs 1 crore but does not exceed Rs. 10 crore and at the rate of 12% on tax where the income exceeds Rs. 10 crore.

8. Health and Education Cess is to be applied at 4% on aggregate of base tax and surcharge.

9. Several of the above tax benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the Act.

10. The above statement sets out the provisions of law in a summary manner only and is not complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures/bonds.

11. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and does not cover benefits under any other law.

12. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner
Membership No- 098358

Date: 25 September 2018

Place: Ghaziabad

SECTION IV – ABOUT THE ISSUER

INDUSTRY OVERVIEW

Unless otherwise indicated, the information in this section has been obtained or derived from publicly available documents prepared by various sources, including officially prepared materials by the GoI, its various ministries and from various multilateral institutions. This information has not been independently verified by us, the Lead Managers or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.

THE INDIAN ECONOMY

The Indian economy is the third largest economy of the world in terms of Purchasing Power Parity (PPP). The economy appears to be recovering due to a stable macro-economic outlook, gathering pace of reforms and a friendly external environment that has resulted in the country becoming a cynosure of eager investors.

According to the latest estimates of Gross Domestic Product (GDP) released by Central Statistical Organisation (CSO), the Indian economy is getting back to a higher growth path. Real GDP or Gross Domestic Product (GDP) at constant (2011-12) prices in the year 2016-17 is likely to attain a level of Rs. 121.65 lakh crore, with growth rate of 7.1 percent over the GDP for the year 2015-16 of Rs. 113.58 lakh crore.

Nominal GDP or GDP at current prices in the year 2016-17 is projected at Rs. 152.51 lakh crore, with growth rate of 11.5 percent against Rs. 136.75 lakh crore for 2015-16.

(Source: NHAI Annual Report-2016-17)

The Ministry of Statistics and Programme Implementation (MoSPI) has revised the base years for national accounts from 2004-05 to 2011-12 and of the Gross Domestic Product (GDP) and the Index of Industrial Production (IIP) to 2011-12 and for the Consumer Price Index (CPI) to 2012. The base year of national accounts was last revised in January 2010. Also, changes were made in GDP reporting, GDP at factor cost will be henceforth presented as Gross Value Added (GVA) at base prices for industry-wise estimates, while 'GDP at market prices' will be henceforth referred to as GDP.
(Source: Press Note: Ministry of Statistics &Programme Implementation dated January 30, 2015 and June 11, 2018)

Provisional Estimates of GVA at Basic Price by Economic Activity
(At 2011-12 prices)

(Rs. in Crore)

Industry	2015-16	2016-17	2017-18 (PE)	Percentage Change over previous year	
				2016-17	2017-18
Agriculture, forestry & fishing	16,15,216	17,16,746	17,74,573	6.3	3.4
Mining & Quarrying	3,28,453	371066	3,81,965	13.0	2.9
Manufacturing	18,98,790	20,48,711	21,66,267	7.9	5.7
Electricity, gas, water supply & other utility services	2,24,198	2,44,934	2,62,496	9.2	7.2
Construction	8,66,440	8,78,110	9,28,484	1.3	5.7
Trade, hotels, transport, communication and services related to broadcasting	19,93,627	21,37,102	23,07,684	7.2	8.0
Financial Insurance, real estate & professional Services	22,99,913	24,37,857	25,99,927	6.0	6.6
Public Administration, defense and other services	12,76,710	14,13,103	15,54,759	10.7	10.00
GVA at Basic Price	**1,05,03,348**	**1,12,47,629**	**1,19,76,155**	**7.1**	**6.5**

PE: Provisional Estimates

Provisional Estimates of GVA at Basic Price by Economic Activity
(At current prices)

(Rs.in Crore)

Industry	2015-16	2016-17	2017-18 (PE)	Percentage over previous year	
				2016-17	2017-18
Agriculture, forestry & fishing	22,25,368	24,84,005	25,94,729	11.6	4.5
Mining & Quarrying	3,01,230	3,32,947	3,74,689	10.5	12.5
Manufacturing	21,16,119	23,29,220	25,30,311	10.1	8.6
Electricity, gas, water supply & other utility services	3,36,978	3,63,482	3,87,694	7.9	6.7
Construction	9,92,298	10,28,463	11,18,946	3.6	8.8
Trade, hotels, transport, communication and services related to broadcasting	23,03,249	25,21,813	28,09,748	9.5	11.4
Financial insurance, real estate & professional Services	26,31,284	28,57,322	31,64,547	8.6	10.8
Public Administration, defense and other services	16,60,120	19,24,339	22,01,707	15.9	14.4
GVA at Basic Price	**1,25,66,646**	**1,38,41,591**	**1,51,82,371**	**10.1**	**9.7**

PE: Provisional Estimates

(Source: Press Note: Ministry of Statistics &Programme Implementation dated May 31, 2018)

GDP at constant (2011-12) prices in Q4 of 2017-18 is estimated at Rs. 34.77 lakh crore, as against Rs. 32.27 lakh crore in Q4 of 2016-17, showing a growth rate of 7.7 percent. GVA at basic prices at constant (2011-12) prices in Q4 of 2017-18 is estimated at Rs. 31.01 lakh crore, as against Rs. 28.83 lakh crore in Q4 of 2016-17, showing a growth rate of 7.6 percent.
(Source: Press Note: Ministry of Statistics &Programme Implementation dated May 31, 2015)

INFRASTRUCTURE SECTOR IN INDIA

India has made a significant progress in attracting private investments in the infrastructure sector. Over a decade (2002-2012), private sector has invested approximately US$ 250 billion in various infrastructure projects. Realizing the massive investment requirements and need for better and competitive infrastructure services, Government of India has adopted a new approach with PPP as the cornerstone of its policy framework. The current policy framework allows 100% FDI in most infrastructure sectors with no restriction on repatriation of profit. Moreover, the Government of India has launched a Viability Gap Funding Scheme to enhance the financial viability of competitively bid infrastructure projects.
(Source: Confedration of Indian Industry: www.cii.in)

Primarily, the sector includes the following:

Sr. No.	Category	Infrastructure sub-sectors
1.	Transport and Logistics	• Roads and bridges • Ports • Shipyards • Inland Waterways • Airport • Railway Track, tunnels, viaducts, bridges, terminal infrastructure including stations and adjoining commercial infrastructure • Urban Public Transport (except rolling stock in case of urban road transport) • Logistics Infrastructure
2.	Energy	• Electricity Generation • Electricity Transmission • ElectricityDistribution • Oil pipelines • Oil/Gas/Liquefied Natural Gas (LNG) storage facility • Gas pipelines
3.	Water and Sanitation	• Solid Waste Management • Water supply pipelines

Sr. No.	Category	Infrastructure sub-sectors
		• Water treatment plants • Sewage collection, treatment and disposal system • Irrigation (dams, channels, embankments, etc.) • Storm Water Drainage System • Slurry Pipelines
4.	Communication	• Telecommunication (fixed network) • Telecommunication towers • Telecommunication & Telecom Services
5.	Social and Commercial Infrastructure	• Education Institutions (capital stock) • Sports Infrastructure • Hospitals (capital stock) • Tourism infrastructure viz. (i) three-star or higher category classified hotels located outside cities with population of more than 1 million, (ii) ropeways and cable cars • Common infrastructure for Industrial Parks and other parks with industrial activity such as food parks, textile parks, Special Economic Zones, tourism facilities and agriculture markets • Post-harvest storage infrastructure for agriculture and horticultural produce including cold storage • Terminal markets • Soil-testing laboratories • Cold Chain • Affordable Housing

(Source: Updated list of Harmonized Master List of Infrastructure Sub-sectors vide Notification F. No. 13/1/2017-INF dated November 14, 2017)

Projected Investment in Infrastructure - Three Year Action Agenda (2017-18 to 2019-20)

As per NITI Ayog, the revised projections for investment in infrastructure in the period 2012-17 are Rs. 38,22,822 crore which is 1.6 times the investment of Rs. 23,77,746 crore achieved in the period 2007-12 at current prices.
(Source: Press Information Bureau: Mobilization of funds for Infrastructure Development dated December 22, 2017)

Annual Budget 2018-19 (Infrastructure)

Emphasising that infrastructure is the growth driver of economy, the Finance Minister estimated that investment in excess of Rs.50 lakh crore is needed to increase growth of GDP and connect the nation with a network of roads, airports, railways, ports and inland waterways. An increase of budgetary allocation on infrastructure was announced for 2018-19 to Rs.5.97 lakh crore against estimated expenditure of Rs.4.94 lakh crore in 2017-18.

The Government has made an all-time high allocation to rail and road sectors and is committed to further enhance public investment. The Prime Minister personally reviews the targets and achievements in infrastructure sectors on a regular basis. Using online monitoring system of PRAGATI alone, projects worth 9.46 lakh crore have been facilitated and fast tracked.

To further boost tourism, the Budget proposes to develop ten prominent tourist sites into Iconic Tourism destinations by following a holistic approach involving infrastructure and skill development, development of technology, attracting private investment, branding and marketing. Under the Bharatmala Pariyojana, about 35,000 kms road construction in Phase-I at an estimated cost of Rs. 5,35,000 crore has been approved.
(Source: Press Information Bureau, February 01, 2018)

Statistics

- The length of National Highways has grown from 91,287 kms on 31.03.2014 to 1,15,435 km as on 30.06.2017.
- National Highways, although constituting 2% of total road network, carry 40% of the total Road traffic.
- During 2002-16, 369 Road & Highway projects undertaken under PPP mode.
- National Highways Awarded in 2016-17-15948 kms, as against 10098 kms in 2015-16 and 7972 kms in 2014-15.
- National Highways Constructed in 2016-17-8231 kms, as against 6061 kms in 2015-16 and 4410 kms in 2014-15.

(Source: makeinindia.com)

Foreign Direct Investment (FDI) Policy

The FDI regime has been progressively liberalized during the course of the 1990s (particularly after 1996) with most restrictions on foreign investment being removed and procedures simplified. With limited exceptions, foreigners can invest directly in India, either wholly by themselves or as a joint venture. India welcomes FDI in virtually all sectors, except those of strategic concern such as defense (opened to a limited extent), and atomic energyand activities/sectors not opened to private sector investment. The major source of FDI in India is through the equity route, which constitutes Rs. 2,88,889 Crore for the financial year 2017-18 out of which Rs. 57,432 crore were in the fourth quarter of financial year 2018.
(Source: FDI fact sheet dated June 29, 2018 from Department of Industrial Policy and Promotion)

FDI in Infrastructure

Under the current consolidated FDI Policy 2017, effective from August 28, 2017 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, including any modifications thereto or substitutions thereof, issued from time to time, (the "Consolidated FDI Policy") whichconsolidates the policy framework on FDI, 100% FDI through automatic route is permitted in the road, water supply and power transmission sectors. In the financial year 2017-18 the total FDI attracted by Infrastructure sector was Rs. 2,730 crore compared to Rs. 1,861 crore for the financial year 2016-17.

Flexible Structuring of Long Term Project Loans toInfrastructure and Core Industries

Vide circular DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014 banks were advised, on 'Framework for Revitalising Distressed Assets in the Economy - Refinancing of Project Loans, Sale of NPA and Other Regulatory Measures', that if they refinance any existing infrastructure and other project loans by way of take-out financing, even without a pre-determined agreement with other banks / FIs, and fix a longer repayment period, the same would not be considered as restructuring if the following conditions are satisfied:

i. Such loans should be 'standard' in the books of the existing banks, and should have not been restructured in the past;
ii. Such loans should be substantially taken over (more than 50% of the outstanding loan by value) from the existing financing banks/Financial institutions; and
iii. The repayment period should be fixed by taking into account the life cycle of the project and cash flows from the project.

Infrastructure Debt Funds

Infrastructure Debt Funds (IDFs) are investment vehicles to accelerate the flow of long term debt to the sector. IDFs aims at taking out a substantial share of the outstanding commercial bank loans. IDFs are set up by sponsoring entities either as Non-Banking Financing Companies (NBFC) or as Trusts/Mutual Funds (MF). Bonds floated by the IDFs can be subscribed to in US dollars or Indian rupees. Government has provided an attractive environment for both alternatives: IDF income is exempt from Income Tax, withholding tax on interest payments on the borrowings by the IDFs reduced to 5% from earlier 20%. For IDF-NBFCs, Model Tripartite agreements issued to facilitate finalization of take-out investment between the IDF, the Concessionaire and the Public Authority. IDFs are regulated by RBI.
(Source: IDF Brochure, 2015, released by Ministry of Finance, Department of Economic Affairs Government of India)

The RBI has amended the Infrastructure Debt Fund-Non-Banking Financial Companies (Reserve Bank) Directions, 2011. As per the amendment effective from May, 2015 IDF-NBFCs shall invest only in PPP and post commercial operations date (COD) infrastructure projects which have completed at least one year of satisfactory commercial operation and are a party to a Tripartite Agreement with the Concessionaire and the Project Authority for ensuring a compulsory buyout with termination payment. In addition to the above, it has been decided to allow IDF-NBFCs to undertake investments in non-PPP projects and PPP projects without a Project Authority, in sectors where there is no Project Authority, provided these are post COD infrastructure projects which have completed at least one year of satisfactory commercial operation.
(Source: RBI/201 4-1 5/600 DNBR (PD) CC.No.035/03.10.001/201 4-1 5 May 14, 2015)

ROAD SECTOR

Road network provides the arterial network to facilitate trade, transport, social integration and economic development. It is used for the smooth conveyance of both people and goods. Transportation by road has the advantage over other means of transport because of its easy accessibility, flexibility of operations, door-to-door service and reliability. Roads also play an important role in inter-modal transport development, establishing links with airports, railway stations, and ports

Currently, India, having one of the largest road networks of 54.83 lakh kms, which consists of National Highways, Road Highways, Expressways, State Highways, Major District Roads, Other District Roads and Village Roads with the following length distribution:

ROADS	Length (KM)
National Highways/Expressways	1,20,543 km
State Highways	1,55,222 km
Other Roads	52,07,044 km

(Source: Annual Report 2017-18, MoRTH)

Passenger and freight movement in India over the years have increasingly shifted towards roads vis-a-vis other means of transport. National Highways/Expressways constitute about 2% of all roads and carry 40% of the total road traffic. Further, 85% Indians are solely dependent on public transport. 70 million passengers use State Road Transport Undertaking buses on a daily basis.
(source: www.makeinindia.com)

ROAD NETWORK BY CATEGORIES: 1951 to 2016

Road Category	1951	1961	1971	1981	1991	2001	2011	2015	2016 (P)
National Highways	19811 (4.95)	23798 (4.54)	23838 (2.61)	31671 (2.13)	33650 (1.45)	57737 (1.71)	70934 (1.52)	97991 (1.79)	101011 (1.80)
State Highways	^	^	56765 (6.20)	94359 (6.35)	127311 (5.47)	132100 (3.92)	163898 (3.50)	167109 (3.05)	176166 (3.14)
Other PWD Roads	173723 (43.44)	257125 (49.02)	276833 (30.26)	421895 (28.40)	509435 (21.89)	736001 (21.82)	998895 (21.36)	1101178 (20.12)	#
District Roads									561940 (10.03)
Rural Roads	206408 (51.61)	197194 (37.60)	354530 (38.75)	628865 (42.34)	1260430 (54.15)	1972016 (58.46)	2749804 (58.80)	3337255 (61.00)	3935337 (70.23)
Urban Roads	0 (0.00)	46361 (8.84)	72120 (7.88)	123120 (8.29)	186799 (8.03)	252001 (7.47)	411679 (8.80)	467106 (8.54)	509730 (9.10)
Project Roads	0 (0.00)	0 (0.00)	130893 (14.31)	185511 (12.49)	209737 (9.01)	223665 (6.63)	281628 (6.02)	301505 (5.50)	319109 (5.70)
Total	**399942**	**524478**	**914979**	**1485421**	**2327362**	**3373520**	**4676838**	**5472144**	**5603293**

Note: Figures within parentheses indicate per cent to total road length in each road category.

P: Provisional.
^ *Included in Other Public Works Department roads;*
# *Included in of District Roads, Rural Roads & Urban Roads. In the previous publication of BRS, OPWD included District roads & village/rural roads. From BRS 2015-16 (this year's publication) the District roads are a separate category on village/rural roads of PWD are included under 'Rural Roads" category.*
(*Source: MoRTH annual report 2017-18*)

Administrative Framework

The road sector in India is a concurrent subject. The jurisdiction of Central Government is limited to National Highways, while the jurisdiction of State Governments is across State Highways, Major District Roads, Village Roads and Other Roads. At the Central Level, the overall policy, programme development and planning is done by the Planning Commission, now reconstituted as Niti Aayog in consultation with the Ministry of Road Transport and Highways (MoRTH) and Ministry of Rural Development (MoRD). At the State Level, the overall policy and programme development and resource planning is done by the State Planning Cell in consultation with Central Planning Commission and State Ministry in charge of Roads.

Administrative Framework by Category of Roads

Road Network	Coordinating Agency	Connectivity To
Expressways	Ministry of Road Transport and Highways (MoRTH), National Highway Authority of India (NHAI) and State Road Development Corporations	State capitals and tier 1 cities

Road Network	Coordinating Agency	Connectivity To
National Highways	MoRTH, NHAI, BRO (Border Roads Organisation)	Union capital, state capitals, major ports, strategic locations
State Highways	State Public Works Departments (PWDs)	State capitals, district centres, important towns, national highways, other states
Major District Roads	State PWDs	State Capitals, district centres, important towns, national highways
Rural and Other Roads	Ministry of Rural Development (MoRD)	Production centres, markets, highways, railway stations etc.
Project Roads	State PWDs/Project Organisations	Projects like irrigation, power, mines, etc
Urban Roads	Municipal Corporations	Intra city networking
Village Roads	Zilla Parishads/State Governments	Villages, district roads, highways, railway stations, riversides etc

(Source: "Guidelines for investment in Road Sector", January 2013)

International Comparison of Road Network

Road networks across countries can be compared in terms of road density (length of road per square km of area) so that the size effect may be neutralized. However, it is expected that smaller countries would have higher road density than those with considerably larger size. Accordingly, as on 31st March 2012, India's road density at 1.48 kms/sq. km of area was higher than that of USA (0.67km/ sq km), China (0.42 km/ sq. km) and Brazil (0.19 km/sq.km). The surfaced road length in India was 55.46 per cent of the total road length which was much lower as compared to France, Japan, Korea, UK and USA. NHs in India, which accounted for 1.58 % of the total length as on 31st March 2012, was much lower than that of the developed countries of the world. The average road length per lakh population in case of India was 402.03 kms as on 31st March 2012 whereas the length of NHs per 100 square kms of area was 2.34 kms, and the length of NHs per lakh of population was 6.35 kms.
(Source: Ministry of Statistics &Programme Implementation, Chapter 21, 2015)

Major Road Indicators Across Select Countries

Major Road Indicators across Select Countries					
Counrtry	Road Density (Km/Sq.km)	Share of Paved Road (%)	Road Lenth in Kilometer		
			Total	Motorways	National Highways
Brazil	0.21 (2004)	N.A.	17,51,868 (2004)	0	93,071 (5.31)
China	0.40 (2009)	53.50 (2008)	38,60,823 (2009)	65,055 (1.69)	59,462 (1.54)
France	1.73 (2009)	100.00 (2009)	9,51,260 (2009)	11,240 (2009)	9,020 (2009)
India	**1.42 (2011)**	**53.83 (2011)**	**46,90,342 (2011)**	**227 (0.005)**	**70,934 (1.51)**
Japan	3.20 (2009)	80.11 (2009)	12,07,867 (2009)	7.642 (0.63)	54,790 (4.54)
Korea, Republic	1.05 (2009)	79.25 (2009)	1,04,983 (2009)	3.776 (3.60)	13,819 (13.16)
Russian Federation	0.06 (2009)	80.06 (2007)	9,82,000 (2009)	N.A.	N.A.
South Africa	0.30 (2001)	17.30 (2001)	3,64,131 (2001)	239 (0.07)	2887 (0.79)
United Kingdom	1.72 (2009)	100.00 (2009)	4,19,665 (2009)	3,674 (0.88)	49,032 (11.68)
United States of America	0.67 (2009)	100.00 (2009)	65,45,839 (2009)	75.643 (1.16)	19,857 0.30)

(Source: Minstry of Statstics and Programme Implementation)

Expansion of Road Network vis-à-vis growth in Motor Vehicles

Burgeoning population and increasing vehicular penetration /traffic density are placing increasing demands on expansion of the road networks in India. The growth of road network has not kept pace with the growth in the number of registered vehicles. While the number of registered motor vehicles has grown at a CAGR of 10.6 per cent between 1951 and 2011, the growth in the road network during the same period was 4.2 per cent. During the last decade, 2001 to 2011, the number of registered motor vehicles recorded a CAGR of 9.9 per cent, while the road network increased at a CAGR of 3.4 per cent

Compound Annual Growth Rates (in %) of Registered Motor Vehicles and Road Length: 1951 to 2015

Period	Vehicles						Roads					
	Two Wheelers	Car, Jeeps & Taxis	Buses	Good Vehicles	Other	Total	NHs	SHs & OPWD	Rural	Urban	Projet	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
1961/1951	12.5	6.9	5.3	7.4	26.5	8.1	1.9	4	-0.5	NA	NA	2.7
1971/1961	20.7	8.2	5.1	7.4	15	10.9	0	2.6	6	4.5	NA	5.7
1981/1971	16.3	5.4	5.6	4.9	18.1	11.2	2.9	4.5	5.9	5.5	3.5	5
1991/1981	18.4	9.8	7.4	9.4	10.9	14.8	0.6	2.1	7.2	4.3	1.2	4.6
2001/1991	10.5	9.1	6.7	8.1	8.6	9.9	5.5	3.1	4.6	3	0.6	3.8
2011/2001	10.2	10.5	9.7	9.1	7.6	9.9	2.1	3	3.4	5	2.3	3.3
2014/2004	10.4	10.6	9.4	8.8	8	10.1	3.4	3.9	4.4	4.3	1.3	4
2015/2005	10.1	10.7	8.2	8.8	7.8	9.8	4.1	3.1	3.8	5	1.5	3.6

(Source: Minstry of Statstics and Programme Implementation)

The Indian automobile industry is also booming and this is placing a huge demand for road infrastructure. According to the figures from the Society of Indian Automobile Manufacturers (SIAM) domestic car sales have grown by 4.99 percent in April-March 2015 over the same period over last year. The industry produced a total of 23,366,246 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in April-March 2015 as against 21,500,165 in April-March 2014, registering a growth of 8.68 percent over the same period last year. It has led the Government set up targets of building an average of 20 kms of roads per day ***(Source: BK Chaturvedi Committee Report, 2009)***. However, meeting these targets is imperative in accompanying the growing pace of the country. Therefore, the Indian Government has adopted the PPPs model for financing the projects as merely budgetary support was inadequate to assist the required growth. This has opened up business opportunities with attractive profitability with added benefits. Today the private sector involvement is driving the road sector and projects are offered on a Build, Operate and Transfer (BOT) basis. The projects are awarded through a competitive bidding process and after taking into consideration range of factors including companies' track records and their relevant financial and technical expertise. The advantages of securing these contracts are numerous – with the main incentive of owning the road for up to 30 years. This means companies have the right to collect and retain toll monies for that period – and the profitability of tolled National Highways has made the sector extremely competitive. Toll collection depends on traffic volume and toll rates, which are pre-specified by NHAI. The Government earlier had first preference to BOT toll projects because of the massive forecasts for traffic growth. To make the projects commercially viable, companies can get up to 40% provision of capital subsidy of the project. They also receive 100% tax exemption in any ten consecutive years, out of the first 20 years of the project. The Government also covered all extra expenses relating to land acquisition and pre-construction activities and offers easier external commercial borrowing.

However, the economic down turn seen in the last few years has caused revenue realization at much lower rates than was anticipated. Many private developers of roads/ concessionaires had assumed higher revenues and had undertaken a correspondingly high level of obligations. As the revenues crashed the availability of the financing even to meet existing commitments became inadequate, and none were left for future projects. Hence many projects under BOT elicited no response from bidders, as a policy response the GoI has mandated a shift away from the BoT Model Concession Agreement and the inclination is towards the EPC model.

The government has recently decided to switch to the conventional EPCM model to award contracts. The projects are a mix between ones that did not elicit bids from private parties as their cost was too high and thus seen as unviable and a few that were terminated by the government due to lack of interest shown by the developers concerned. The EPC mode takes three to four months for a project to be awarded, while BOT contracts take 18-20 months. Now however, several proposals are being evaluated for award under the EPC model.

Hybrid Annuity Model

Ministry of Road Transport & Highways has adopted Hybrid Annuity model for implementation of highway projects in order to encourage private sector participation through adequate incentives. The objective is to maximize the quantum of implemented highway projects within the available financial resources of the Government. As per this model, 40%

Project Cost is to be provided by the Government as 'Construction Support' to the private developer during the construction period and the balance 60% as annuity payments over the concession period along with interest on outstanding amount to the concessionaire. There is separate provision for O&M payments by the Government to the concessionaire. The private party does not have to bear the traffic risk. All the payments have been inflation indexed by a Price Multiple Index which is a weighted average of WPI and CPI (IW) on 70:30 bases. This mitigates the inflation risk for the developer.

The Model has been successful in reviving PPPs in the roads and highways sector which is evident in the interest being shown by the market for such projects. Till now, 52 National Highways projects with aggregate length of around 3,200 km and involving cost of around Rs. 51,800 crore have been already awarded through this Model.
(Source: Annual Report of MoRTH for Financial Year 2017-18)

Government Initiatives

As a facilitator, the Government has been engaged in instilling confidence in the private sector by creating an appropriate policy framework. The policies envisage several incentives and schemes to attract massive capital into the infrastructure industry. At the same time, the Government continues to fulfill its social obligations through proper checks and balances in the form of a transparent regulatory system. The role for regulation is to protect the interests of consumers and foster an institutional set up, which helps in delivering infrastructure services of high quality at low prices.

The setting up of a "**Committee on Infrastructure (CoI)**" has been a major step in this direction. It has been constituted with the objectives of:

1. Initiating policies that ensure time-bound creation of world class infrastructure
2. Drawing a priority list of projects aimed at augmenting and modernizing the infrastructure capacity
3. Developing structures that maximize the role of public-private partnerships in the field of infrastructure
4. Monitoring progress of the infrastructure projects to ensure that established targets are realized;
5. Identifying measures to refine project formulation, project planning and project management processes in line with international best practices; etc.

For a country of India's size, an efficient road network is necessary both for national integration as well as for socio-economic development. GoI has launched major initiatives to upgrade and strengthen National Highways and has taken up NHDP.

Thus, India's enormous unmet infrastructure needs, combined with the public private partnership approach, offer an unprecedented investment opportunity for the private players. These opportunities, having the potential of attractive returns, exist in all the infrastructural sectors, both at the National and State level.
(Source: http://www.archive.india.gov.in/business/infrastructure/index.php)

National Highways Development Programme (NHDP)

The Government of India has entrusted NHAI with responsibility of implementing its greatly expanded flagship programme, i.e. National Highways Development Project (NHDP) spread over seven phases with an estimated expenditure of about Rs. 6,00,000 crore. The NHDP – the largest highway project ever undertaken by the country, which is being implemented by the NHAI, consists of the following components:

- During 2017-18, NHAI projects an expenditure of Rs. 1,10,904.00crore out of which Rs.79,171.00crore {including Rs. 11,429.45 crore out of CRF Cess, Rs. 8,482.14 crore out of Toll plough back, Rs. 59,279.00 crore raised from Internal and External Borrowing Resources (IEBR)} would be spent out of NHAI Budget and a sum of Rs. 31,733 is likely to be spent by the Private Sector. Upto December 2017, NHAI and Private Sector combined have incurred an expenditure of Rs. 57,343.89 Crore (About 52 % of the BE 2017-18) out of which Rs. 46,647.07 Crore has been incurred out of Government funds and a sum of Rs. 9,696.82/- Crore has been spent by the Private Sector.

  For the financial year 2017-18, NHAI has made budgetary provisions for a cess of Rs.19,891.59 Crore and Rs. 8,462.14 Crore as plough back of funds deposited by NHAI in Consolidated Fund of India (CFI) against toll Collection, Revenue Share, Negative Grant & Premium. An additional budgetary support of Rs.100 Crore for Maintenance and Repair for National Highways and Rs. 91 crore are provided for Swachchhata activities along National Highways. As per 2017-18 BE, NHAI was to raise a sum of Rs. 59,279 crore through 54EC Bonds & Tax Free Bonds. Upto December 2017, Rs. 3,000.00 crore through Masala Bonds, Rs. 3,880.48 crore through 54 EC bonds, Rs. 2,375.00 crore through taxable bonds from Market, Rs. 8,500.00 crore through taxable bonds from LIC of India and Rs.10,000.00 crore through taxable bonds from EPFO has been raised by NHAI i.e. a sum of Rs. 27,755.48 crore.

SPECIAL ACCELERATED ROAD DEVELOPMENT PROGRAMME FOR NORTH EASTERN REGION (SARDP-NE) – Accelerated Road Development Programme for the North East Region

Special Accelerated Road Development Programme for North Eastern Region (SARDP-NE) aims at improving road connectivity of district headquarters and remote places of NE region with state capitals. It envisages two/four laning of about 7,429 km of National Highways and two laning/improvement of about 2,712 km of state roads. This will ensure the connectivity to 88 district headquarters in the North-Eastern states, to nearest National Highways by at least 2 lane road. The programme has been divided under 3 phases, as follows:

Phase A:
It consists of improvement of 4,099 km of roads consisting of 3,014 km of National Highways and 1085 km of State Roads at an estimated cost of Rs. 21,769 crore. Out of 4,099 km, BRO, State PWDs & NHIDCL have been assigned with the development of 3,213 km of roads at an estimated cost of Rs.12,821 crore. Out of the remaining length of 886 km, 112 km is to be implemented by National Highways Authority of India (NHAI) on BOT (annuity) basis, 20 km by the Arunachal Pradesh PWD and 752 km by NHIDCL. Out of 3,213 km as above, 2,542 km at a cost of Rs.14,833 crore has been sanctioned till December 2017. In addition, out of 886 km, approved in-principle, implementation approval has been accorded by the Government for projects aggregating to 673 km at a cost of Rs.15,661 Crore. The works are in various stages of progress and about 1,741 km has been completed. The likely date of completion for Phase-A is March 2021.

Phase B:
Improvement of 35 roads stretches of various categories such as NHs, State Roads, GS roads and Strategic roads etc. aggregating to 3,723 km has been included under Phase 'B' of SARDP- NE. Phase 'B' has been approved by the Government for preparation of DPR only.

Arunachal Pradesh Package for Roads and Highways

The Arunachal Pradesh Package of Roads and Highways covering 2,319 km (2205 km NHs and 114 km State/GS Roads) of Road stretch was approved by the Government as part of SARDP- NE on 09.01.2009. Out of this, 776 km has been approved by the Government for execution under BOT (Annuity) basis and for the remaining 1,543 km are to be developed on EPC mode/item Rate Contract as per Ministry's extant policy. Till December, 2017, works in a length of 2,047 km at a cost of Rs. 21,914 crore have been awarded and 702 km of road has been completed. The entire Arunachal Pradesh Package is targeted for completion by March, 2021.
An amount of Rs.5,265 crore was allocated for SARDP-NE during 2017-18. Out of this, expenditure of Rs. 3,995.29 crore was incurred as on 31.12.2017. Total 215 km roads including 193 km of 2- lane standards and 22 km of 4-lane standards were completed during 2017-18 and together with the roads completed upto the previous year, total 2,443 km roads have been completed so far under Phase 'A' and Arunachal Pradesh Package of Roads and Highways of SARDP-NE against 6,418 km approved for implementation under SARDP-NE.
(Source: MoRTH Annual Report for FY 2017-18)

Institutional Initiatives

Steps have been taken for restructuring and strengthening of NHAI, which is the implementing agency for the National Highways programme. Institutional mechanisms have been established to address bottlenecks arising from delays in environmental clearance, land acquisition etc. A special focus is being provided for traffic management and safety related issues through the proposed Directorate of Safety and Traffic Management. It is expected that the sum total of these initiatives should be able to deliver an efficient and safe highway network across the country.

In order to specify the policy and regulatory framework on a fair and transparent basis, a Model Concession Agreement (MCA) for PPPs in national highways has been mandated. It is expected that this common framework, based on international best practices, will significantly increase the pace of project award as well as ensure an optimal balance of risk and reward among all project participants.

Hybrid Model for the Highways Sector – Annuity Mode with Construction Period Capital Support - As per this model, 40% Project Cost is to be provided by the Government as 'Construction Support' to the private developer during the construction period and the balance 60% as annuity payments over the concession period along with interest on outstanding amount to the concessionaire. There is separate provision for O&M payments by the Government to the concessionaire. The private party does not have to bear the traffic risk. All the payments have been inflation indexed by a Price Multiple Index which is a weighted average of WPI and CPI (IW) on 70:30 bases. This mitigates the inflation risk for the developer.

B. K. Chaturvedi Committee Report

In order to resolve procedural impediments to the National Highways projects as well as the need to take a holistic look at the financing needs and arrive at a financing plan that balances the needs of road sector the GoI established the B. K. Chaturvedi Committee ("Committee") headed by Shri B.K. Chaturvedi, Member Planning Commission. Amongst the other recommendations on the model tender documents, the Committee came out with following recommendations and in-principal approval of the GoI was accorded *vide* its office memorandum no. RW/NH/37012/26/2009-PPP, dated August 8, 2009:

a. Issuance of Tax exempted bonds.
b. Guarantee cover to the Borrowing Plan of NHAI.
c. Out of the borrowing approval of Rs. 30,00,000.00 lakh earlier provided to Indian Infrastructure Finance Company Limited (IIFCL), Rs. 10,00,000.00 lakh under the fiscal stimulus package will be transferred to the NHAI, as per the its borrowing requirement.
d. Assistance in negotiating non-sovereign multilateral loans from World Bank, ADB, JBIC etc. by providing back to back support, if necessary.
e. Providing a Letter of Comfort from Ministry of Finance confirming the availability of Cess at least till 2030-31.

Potential

Today the Road development is recognised as essential to sustain India's economic growth. The Government is planning to increase its spending on road development substantially with funding already in place based on a cess on fuel. A large component of highways is to be developed through public-private partnerships. Several high traffic stretches have already been awarded to private companies on a BOT basis. Investment opportunities exist in a range of projects being tendered by NHAI for implementing the NHDP - contracts are for construction or BOT basis depending on the section being tendered.
(Source: http://infrastructure.gov.in/highways.htm)

OUR BUSINESS

OVERVIEW

NHAI is an autonomous authority of the GoI under the MoRTH constituted on June 15, 1989 by an Act of Parliament titled - The National Highways Authority of India Act, 1988 (NHAI Act). NHAI was operationalised in February 1995 with the appointment of full time Chairman and other Members. The functioning of NHAI is governed by NHAI Act and rules, and regulations framed thereunder.

The main objects of NHAI are provided in NHAI Act as per which NHAI is responsible for the development, maintenance and management of the National Highways entrusted to it by the GoI and for matters connected or incidental thereto. Its functions include survey, development, maintenance and management of the National Highways and inter alia to construct offices or workshops, to establish and maintain hotels, restaurants and rest rooms at or near the highways entrusted to it, to regulate and control plying of vehicles, to develop and provide consultancy and construction services and to collect fees for services and benefits rendered in accordance with Section 16 of NHAI Act. It was established with a vision to meet the nation's need for the provision and maintenance of a National Highways network in line with global standards and to meet user's expectations in the most time bound and cost effective manner, within the strategic policy framework set by the GoI and thus promote economic well being and quality of life of the people. For more details, please refer to chapter ***"History, Main Objects and Certain Corporate Matters"*** on page 96 of this Draft Shelf Prospectus.

NHAI's initial mandate was limited to only a few projects undertaken with the assistance of Asian Development Bank (ADB) and the Japanese Board of Industry and Commerce (JBIC). Subsequently, in 1998, the GoI announced the National Highways Development Programme ("NHDP") comprising mainly of the Golden Quadrilateral linking the four metros and connectivity to major ports in the First Phase and the North-South & East-West corridors in the Second Phase.

Since its inception, the mode for implementationof projects under NHDP has undergone significant change. Initially, the implementation of NHDP was through EPC mode. However, since 2005, as a policy, the GoI had decided to implement projects on Public Private Partnership (**"PPP"**) mode (BOT Toll/Annuity or OMT). NHAI has played a significant role in developing approaches for PPP and actual implementation on a large number of projects. As on July 31, 2018, NHAI has awarded 158 BOT Toll based contracts at a total project cost of Rs. 1,31,61,300.00 lakh and 48 BOT Annuity based contracts at total project cost of Rs. 29,72,600 lakh through PPP mode.

NHAI has adopted a business model that relies on outsourcing of a number of activities including design, construction, supervision, operation and maintenance of NH, rather than undertaking all such activities through its own employees. This has thus helped NHAI in maintaining a lean organisational structure to facilitate faster operational decision-making. NHAI receives its funding through (i) Government support in the form of capital base, cess fund, additional budgetary support, capital grant, maintenance grant, ploughing back of toll revenue and loan from GoI; (ii) loan from multilateral agencies and (iii) market borrowings. During the financial year 2017-18, a sum of Rs. 12,42,945.00 lakh were received as Cess Funds.

STRENGTHS

- ***NHAI is nodal agency for development of NH Projects under NHDP and allied programmes approved by GoI***

  The nature and charter of NHAI makes it a nodal agency responsible for the development, maintenance and management of National Highways entrusted to it and for matters connected or incidental thereto. NHAI manages the development of NHDP under the mandate of MoRTH, GoI. NHAI infuses funds into immediate areas of development and enables private sector participation bringing about a healthy participatory economy. The PPP models vary from short-term simple management contracts (with or without investment requirements) to long-term and very complex BOT form, to divestiture.

- ***Track record of consistent operational performance and growth***

  We believe that we have an established track record of consistent growth. Following table enumerates our performance and growth in terms of our physical achievement:

Physical Achievement (kms)

FY	Award
2013-14	1436
2014-15	3067
2015-16	1988
2016-17	2628
2017-18	3071

- ***Pioneering initiatives in the road sector in India***

NHAIbelieves that ithas initiated several innovative processes over the years which have been different from existing industry practices. Further, to the adoption of performance based contracts with bonus and penalty provisions in both EPC (Engineering, Procurement and Construction) and PPP (Public Private partnership) projects, NHAI believesthat there has been an improvement inconstruction and service quality in such projects,peer review of DPRs (Detailed Project Reports) by consulting engineers selected from a panel of consultants, dispute resolution mechanism to speed up the process of dispute resolution, especially in EPC mode, umbrella state support agreements for various projects in a single state.

- ***Strategic role in GoI initiatives and established relationships with infrastructure sector participants.***

We believe that we derive a strategic advantage from our strong relationship with the GoI and we occupy a key position in plans for the growth and development of the Indian highway sector. We have been involved in the development and implementation of various programmes, policies and structural and procedural reforms for the highway sector in India. We are also involved in various GoIprogrammes for the infrastructure sector, including acting as the nodal agency for the NHDP and other projects like Special Accelerated Road Development Programme for North East (SARDP-NE), and for other projects like special project in Madhya Pradesh, Maharashtra, Tamil Nadu and West Bengal, for which additional budgetary support is being provided by GoI.

- ***Economies of Scale***

Given thescale of operations, and the constitution of NHAI, we getbenefits from large volumes in ourcommercial operations. Significant cost benefits accrue due to centralized decision making system with a delegated model for execution of the projects. Further, the basic feature of outsourcing in thecontract management ensures that no backlogs of equipment, excess manpower, redundant assets etc. are accumulated and hence large scale efficiencies and economies of scale are achieved by NHAI.

- ***Favorable credit rating and access to various cost-competitive sources of funds***

We receive funds through (i) Government support in the form of capital base, cess fund, additional budgetary support, capital grant, maintenance grant, ploughing back of toll revenue and loan from GoI; (ii) loan from multilateral agencies and (iii) market borrowings. There is no servicing requirement on these sources of funds except interest bearing loans granted by GoI, loans from multilateral agencies and market borrowings. Therefore, the average of cost of capital is low. Further, CRISIL, CARE, IRRPL and ICRA have assigned us the highest credit ratings of "CRISIL AAA/Stable", "CARE AAA"; Stable, “IND AAA”; Outlook Stable and "ICRA AAA" with Stable Outlook, respectively, for our long-term domestic borrowings. Such ratings enable us to borrow funds at competitive costs.

- ***Experienced and committed management and employee base with in-depth sector expertise.***

We believe that we have an experienced, qualified and committed management and employee base. NHAI has been modeled as a lean organisation to facilitate faster operational decision-making. The officers and staff are appointed as per the provisions of National Highways Authority of India (Recruitment, Seniority and Promotion) Regulations, 1996, as amended. NHAI is one of the few organizations where people with extensive experience in the road & highway sector, finance sector etc. are appointed on deputation from various central, state services & departments/organizations to share their expertise. As on March 31, 2018, NHAI has a total strength of 1079employees. NHAI also seeks specific services for supervision and administration of the civil contracts in FIDIC format and other formats approved by GoI. The selection of Supervision Consultant/Independent

Engineer is done through rigorous international competitive bidding in order to select the most qualified personnel.

Further, monitoring of the projects arealso done at the headquarters by Technical Divisions headed by a Member supported by CGM (Tech), GM (Tech), DGM (Tech) and Manager (Tech). The Financial decisions are generally taken in consultation with the Finance Division headed by Member (Finance) and supported by CGM (F&A), GM (F&A), DGM (F&A) and Manager (F&A). For further details please refer to chapter "***Our Management***" on page 100 of this Draft Shelf Prospectus.

STRATEGIES

Our long term strategy is to meet the challenges of developing the nation by providing an unparallel network of physical connectivity for the common man, for the commercial transportation and for other heavy industrial use. These challenges will be met through the following areas of strategic focus:

- ***Decentralize the field level decisions and activities and strengthen field level operations of NHAI***

  Consequent to the approval accorded by the GoI for restructuring, NHAI has also established various Regional Offices headed by CGM level officer for regular monitoring and effective coordination with State authorities. In this regard, adequate powers have been delegated to the Regional Offices. Additional posts of Chief General Managers have been created. The Authority has been empowered to engage, where required, outside experts (with relaxation of age if needed) specifically for the posts of Financial Analyst, Transport Economist, Contract Management Specialist and Legal Expert, on compensation to be determined by the Authority in line with the experience and availability of the appropriate personnel.

- ***Renewed focus on strengthening core processes for NHDP implementation and management***:

  NHAI as an organization is now moving to a growth phase in its life cycle. In this phase, NHAI believesit is extremely important for the organization to standardize and prepare guidelines, strengthen its audit and review processes and monitor its systems. Besides reviewing its internal processes, it also needs to establish new processes to strengthen its outsourcing mechanism. One of the key focus areas for NHAI would be to institutionalize knowledge and best practices on various aspects of the project cycle and leverage the same to shorten the project cycle time. These illustratively include:

  - Preparing guidelines comprising of best practices of land acquisition and preconstruction activities adopted in different states.
  - Adopting good practices of Resettlement and Rehabilitation (R&R) including those adopted for externally aided projects.
  - Preparing guidelines and standardized procedures/formats for seeking approvals related to change in scope and extension of time (which could be included in the contract itself).

  To strengthen existing systems and initiate new processes/practices in different stages of the project life cycle NHAI has shifted substantially to an e-procurement system and a web based database for various service providers. This facilitates NHAI's internal learning process related to approvals and the knowledge obtained is leveraged for attaining further competency in achieving its objectives.

- ***Outsource and leverage external expertise***

  NHAI believes thatit has in the past adopted the outsourcing model very effectively. With the scale and complexity of work, NHAI shall be able to extend this model to newer areas which include land acquisition where augmenting of human resources at the project site is required and also hiring of retired State Government officials and third party service providers. Further, designated officers may be appointed at State-level also to provide greater thrust to land acquisition.

- ***Strengthen audit and review process***

  With NHAI looking to outsource several activities and being dependent on the performance of a wide range of service providers, NHAI's strategy would be to invest in developing structures and systems to audit and review the performance of various service providers besides strengthening conventional financial related audits. NHAI's strategy in this area will include, strengthening in-house review process of designs prepared by consultants; bringing in greater involvement of NHAI project site and supervision consultants at an early stage; strengthening independent quality audits during construction stage for EPC (Engineering Procurement and Construction) and PPP (Public Private Partnership) projects and also capturing developments, and feedback surveys from various stakeholders (both external and internal) and data by other relevant agencies into the overall monitoring framework.

- ***Focus on a network wide approach for managing the highways under its purview.***

  An integrated approach focusing on an entire network rather than operational aspects of management of individual highway stretches is a key strategy area for NHAI. There are various elements that NHAI will focus on as a part of its integrated plan including asset management, revenue management, road safety, security management, traffic management and Intelligent Transport Systems.

- ***Enhancing focus on human resource within NHAI***

  NHAI expects an increase in the scale and complexity of work in the futureNational Highways projects and believes that significant strategy focus has to be on developing the human resources within NHAI not only in terms of numbers (sourcing) but also in terms of enhancing their overall productivity. However, the strategy plan needs to keep in perspective that currently NHAI predominantly operates with personnel on deputation with relatively shorter tenure.

- ***Developing strong institutional relationships with external stakeholders***

  NHAIs strategy is to engage with a wide range of stakeholders for various aspects of its operations. These include, but are not limited to Central Government, Planning Commission, State and Local Government, Implementing authorities (Police, Health agencies), Contractors, Concessionaires, Consultants-Technical, Financial, Legal, Audit Firms, Financial institutions, investors Industry associations, academic institutions, Media, Multilateral and Bilateral funding agencies- World Bank, ADB, JBIC etc. It is imperative for NHAI to have strong relationships with various stakeholder categories as they can have significant influence on NHAI's effectiveness in performing its role. Some of the areas where NHAI is strengthening its institutional associations are: Pre-construction activities and State Support Agreement- with various State Governments to streamline land acquisition, utility shifting, approval related activities pertaining to the State Government.

- ***Greater thrust on IT***

  Another important change driver for NHAI is the rapid advancement in information technology in various aspects of highway development and management. NHAI in the past has used technology and knowledge management tools only to a limited extent. Significant thrust on technology is envisaged to be one of the important strategies for NHAI in its corporate plan. The strengthening of the IT system is proposed to be carried out in the near future.

OUR PROJECTS

National Highways arethe arterial roads of the country for inter-state movement of passengers and goods. They traverse the length and width of the country connecting the National and State capitals, major ports and rail junctions and link up with border roads and foreign highways. The total length of National Highwaysin the country at present is 115,235 km as per the NHAI, Annual Report 2016-17. While highways/ expressways constitute only about 2% of the length of all roads, they carry about 40% of the total road traffic.

NHAI is the nodal agency for development of National Highways Projects under NHDP and allied programmes approved by GoI such as SARDP-NE & Special Projects in MP, Maharashtra, Tamil Nadu, West Bengal, Haryana, Delhi, Rajasthan& UP.As on March 30, 2017, out of total 55,886 km of national highway that were planned to be developed/upgraded by NHAI, 39,581 km of national highway have been awarded, of which 28,479 km have been completed and work on 11,102 km is in progress. Projects with a length of 9,208 km is yet to be awarded for which the project preparations are in progress.

The progress of the NHDP and other similar projects, as of July 31, 2018, are as follows:

		Total Length (Km.)	Already 4/6 Laned (Km.)	Under Implementation (Km.)	Contracts under Implementation (No.)	Balance length for award (Km.)
NHDP	Golden Quadrilateral	5,846	5,846	0	0	-
	North/South-East/West Phase I & II	7,142	6625	318	28	199
	Port Connectivity	435	400	35	6	-
	NHDP Phase III	11,809	8269	2454	91	1086
	NHDP Phase IV	13,203	6255	5318	126	1630

		Total Length (Km.)	Already 4/6 Laned (Km.)	Under Implementation (Km.)	Contracts under Implementation (No.)	Balance length for award (Km.)
	NHDP Phase V	6,500	2900	1927	46	1673
	NHDP Phase VI	1,000	143	197	9	660
	NHDP Phase VII	700	70	391	13	239
	NHDP Total					
Other		5,560	1,862	3,698	92	-
SARDP-NE		110	110	110	-	1
Total by the Issuer		52,305*	32,480	14,338	412	5,487

* Total 20,000 km was approved under NHDP Phase IV. Out of which 13,203 km as assigned to the Issuer and the remaining 6,791 km with MoRTH.

Connectivity to Major Ports

In December, 2000, a mandate was given by the GoI to NHAI under NHDP Phase-I to upgrade the road connectivity to the major ports in the Country. As per the Government decision, cess money is not to be used for port connectivity projects. Port-road connectivity projects are being implemented by setting up Special Purpose Vehicles (SPVs) companies of NHAI wherein NHAI contributes significant percentageof the project cost as equity.

Following SPVs have been incorporated and registered with the Registrar of Companies, New Delhi for developing port connectivity projects:

Sl. No	Name of Port	Length (KM)	Implementation through (Name of the SPV)
1	Mormugao	18.3	Mormugao Port Road Company Limited
2	Haldia	52.2	Calcutta-Haldia Port Road Company Limited
3	(a) JNPT Package-I	30	Mumbai JNPT Port Road Company Limited
	(b) JNPT Package-II	14.4	Mumbai JNPT Port Road Company Limited
4	Vishakapatnam	12.5	Viskhapatnam Port Road Company Limited
5	Chennai-Ennore	30	Chennai-Ennore Port Road Company Limited
6	Cochin	10.4	Cochin Port Road Company Limited
7	Tuticorin	47.2	Tuiticorin Port Road Company Limited
8	Paradip	77	Paradip Port Road Company Limited
9	New Mangalore	37.5	New Mangalore Port Road Company Limited
	Total:	**329.500**	

In addition to above 9 projects, there are two more projects being implemented by NHAI to improve/ provide the Port Connectivity for Chennai Port Gate No.10 and ICTT Vallarpadam (Cochin) port having details as under:

Sl. No.	Name of Stretch/Port	Length (km)
1	Elevated Road from Chennai Port Gate No.10 to Maduravoyal (NH-4)	19.0
2	NH-47(Km. 337.15) (Cochin) to ICTT Vallarpadam (NH-47C)	17.2
	Total:	**36.2**

Additionally, NHAI has incorporated three other companies as its SPVs for different projects:

1. Ahmedabad-Vadodara Expressway Company Limited;
2. Moradabad Toll Road Company Limited.

For further details on our SPVs please refer to section titled ***"History, Main Objects and Certain Corporate Matters"*** at page 96 of this Draft Shelf Prospectus.

SPECIAL ACCELERATED ROAD DEVELOPMENT PROGRAMME FOR NORTH EASTERN REGION ("SARDP-NE")

MoRTH has formulated the Special Accelerated Road Development Programme for North East (SARDP-NE).

SARDP-NE Phase 'A' covering 4099 kms and Arunachal Pradesh Package of Roads and Highways covering 2319 kms, is presently under implementation. In addition, improvement of roads in the States of Assam and Meghalaya has been taken up. Construction of Greenfield Airport at Pakyong (PDC-Sept.2017) and operationalising the non-operational airport at Tezu (PDC-Sept.2018) have been taken.

(Source: Press Information Bureau Transportation Infrastructure for North Eastern States)

BHARATMALA PARIYOJANA

As per the MoRTH Government of India the Issuer will develop 34,800 Km of highways under Bharatmala Pariyojana. The total length of 34,800 Km entrusted to NHAI consists of Bharatmala Pariyojana under Ph-I, (24,800 Km); existing NHDP projects under implementation (10,000 Km)

The objective of the project is to optimize the efficiency of freight and passenger movement across India by bridging critical infrastructure gaps while simultaneously creating direct and indirect employment and enhancing economic activity. The project lays a special emphasis on fulfilling the connectivity needs of backward and tribal areas, areas of economic activity, places of religious and tourist interest, border areas, coastal areas and trade routes with neighbouring countries. Therefore, the Issuer will be responsible for the development and maintenance of economic corridors, inter corridors and feeder routes, national corridor efficiency improvement, border and international connectivity roads, coastal and port connectivity roads and green-field expressways among others.

The overall fund requirementis of approximately Rs. 6,92,324 crore (Rs. 3,85,000 Crore for Bharatmala Pariyojana, Rs.1,50,000 crore for existing NHDP Projects executed by NHAI and Rs. 1,57,324 crore for other schemes being executed by other agencies for the five years period starting from Fiscal 2018 upto Fiscal 2023.NHAI has availed certain borrowings from Life Insurance Fund and Employees Provident Fund, rupee denominated Masala Bonds and is proposing to issue Bharatmala Bonds and private placement of long term bonds etc. For the total requirement of Rs. 6,92,324 crore NHAI intends to borrow Rs. 3,77,045 crore from GoI, Rs. 209279 crore by way of market borrowings and Rs. 1,06,000 crore from private investment (PPP).

EASTERN PERIPHERAL EXPRESSWAY

Eastern Peripheral Expressway having a length of 135 Kms was completed in a record time of 500 days much before the stipulated period of completion. This is a prestigious project of the Government of India which was inaugurated by the Hon'ble Prime Minister in the last week of May'2018. This expressway is an access control expressway and the only expressway in India where the toll is charged for the actual journey undertaken by the users.

TOLL OPERATE TRANSFER MODEL (TOT)

NHAI bided a bundle of ten projects for ToT and the NHAI could fetch Rs. 9682 crore. This is the beginning of ToT model and NHAI in due course would be awarding the work of ToT for many more projects in the time to come. The ToTproceeds which has been deposited to Consolidated Fund of India (CFI) is ring fenced for road projects and thus will be utilized by NHAI for this purpose.

OVERSEAS PROJECT

The Central Government has mandated that the Issuer undertakes management and consultancy services in connection with construction and improvement of a two-lane highway in the Kalewa-Yargi section of the proposed India-Myanmar-Thailand Trilateral Highway. The highway will connect India with Thailand through Myanmar.

The cost of this overseas project is estimated to be Rs. 11.70 billion and is fully funded by the Central Government through the Ministry of External Affairs (the "**MEA**"). According to an agreement between the Issuer and the MEA, the MEA will reimburse construction cost to the Issuer in phases and the Issuer will receive a service fee amounting to 6 per cent of the lower of the estimated cost of construction and the tendered construction bid.

As of the date of this Draft Shelf Prospectus, the Issuer has issued the letter of award to Punj Lloyd and Varaha Infra joint venture, the successful bidder, for the construction of the highway. The project is expected to be completed within 36 months from the date of the award.

Government as the policy maker

Pursuant to the NHAI Act, the Central Government may direct that any function in relation to the development or maintenance of national highways shall also be exercisable, among others, by any officer or authority subordinate to the Central Government. Accordingly, some of the functions were delegated by the Central Government to the respective State Governments. The NHAI Act was passed providing for the constitution of the Issuer for the development maintenance and management of the national highways and for matters connected therewith or incidental thereto.

The Central Government appoints the Chairman and may also appoint up to four part-time members. The Central Government is empowered to vest in, or entrust to, the Issuer such national highways or any stretch thereof, as are vested in the Central Government under the NHAI Act. As per the NHAI Act, the Central Government provides funds to the Issuer for the discharge of its functions. Further to this, the fee collected by the Issuer is on behalf of the Government for services or benefits rendered by it under the NHAI Act.

FINANCING

NHAI receives its funding through (i) Government support in the form of capital base, cess fund, additional budgetary support, capital grant, maintenance grant and ploughing back of toll revenue; (ii) loan from multilateral agencies and (iii) market borrowings.

The development and maintenance of National Highways is financed through, (i) Government's Gross Budgetary Support (GBS) and Additional Budgetary Support (ABS); (ii) Dedicated accruals under Central Road Fund (share in the levy of cess on fuel); (iii) Lending by international institutions (World Bank, ADB and JBIC); (iv) private financing through PPP framework including in DBFOT pattern – investment by private firm and return through levy and retention of user fee, BOT (annuity) pattern – investment by private firm and return through semi-annual pre-determined payments from NHAI as per bid, and special purpose vehicle with equity participation by NHAI; and (v) market borrowing (including funds raised through capital gain tax exemption bonds under section 54EC of the Income Tax Act and long term tax free bonds, taxable bonds, loans from GoI, NSSF fund). During the year 2017-2018, a sum of Rs. 12,429.45 crore was received as Cess Funds.

Government Support

Government Support to NHAI primarily comes from the yearly budgetary allocations from the GoI including cess fund, additional budgetary support, ploughing back of toll revenue and other grants.

Market Borrowings-54 EC Bonds, tax free bonds and taxable bonds

In accordance with section 54 EC of Income Tax Act, 1961, NHAI is authorised to issue capital gain exemption bonds wherein eligible investors can claim exemption by investing the component of long-term capital gains (not the sale proceeds), either wholly or in part in these bonds, within six months of the transfer of the asset. The funds are mobilised on tap basis, have a maximum investment limit of Rs. 50 lakh in one financial year for each eligible investor with a lock-in of 3 years from the deemed date of allotment. NHAI has been issuing this category of bonds since February 16, 2001 and has issued XVI series of such bonds so far.

For details on the amount outstanding on 54 EC bonds and other bonds, refer Section – "**Financial Indebtedness**" of this Draft Shelf Prospectus.

Loan assistance from multilateral agencies

NHAI is implementing some projects under NHDP with external assistance in the form of loan from multilateral development agencies like World Bank (WB), Asian Development Bank (ADB) and Japan Bank of International Cooperation (JBIC). The loans for NHAI projects tied up with these multilateral agencies, except for one ADB loan for Surat Manor projects, are passed on to NHAI by the GoI in Rupees as 80% grant and 20% loan. The loan component is repaid to the Government by NHAI and repayments to these agencies are in turn done by GoI.

The following table sets out the Externally Aided Projects of NHAI as at June 30, 2018:

Category	Awarded		Awarded Cost (Rs. in Crore)	Completed	
	No. of Contracts	Length in km		No. of Contracts	Length in km
World Bank Funded Projects					
NHDP Phase **I**	18	983	5,538	18	982
GQ	18	983	5,538	18	982
Others	-	-	-	-	-
NHDP Phase **II** (EW Corridors)	10	408	2,587	10	409
Sub-Total A	**28**	**1,391**	**8,125**	**28**	**1,391**
ADB Funded Projects					
NHDP Phase **I**	10	615	1,866	10	615
GQ	9	567	1,807	9	567
Others	1	48	59	1	48
NHDP Phase **II** (NS & EW Corridors)	31	1,638	7,565	30	1,584
Sub-Total B	**41**	**2,253**	**9,431**	**40**	**2,199**
JBIC Funded Projects					
NHDP Phase **I**	7	150	634	7	150
GQ	5	111	333	5	111
Others	2	39	301	2	39
Sub-Total C	**7**	**150**	**634**	**7**	**150**
JICA ODA Funded Projects					
NHDP Phase III	1	127	1027	-	-
Sub-Total D	1	127	1027	-	-
Total (A+B+C+D)	77	3921	19217	75	3740
WB/NHAI	2	79	621	0	**0**
Grand Total	79	4000	19838	75	**3740**

NHAI also has a provision for providing grant upto 40% of the project cost to make projects commercially viable. However, the quantum of grant is decided on a case to case basis and typically constitutes the bid parameter in BOT projects. The disbursement of such grant is subject to the provisions of project concession agreements.

NHAI projects, with higher traffic volumes, have also received Negative Grant (upfront payment payable by successful bidder to NHAI) instead of grant/VGF as an outcome of the competitive bidding process. Further, under the revised MCA, projects under BOT/DBFOT framework have also been awarded on a revenue share/premium basis, where the bidder offering the highest revenue share/premium is awarded the project. These revenues are also ploughed back for the development and maintenance of National Highways.

Public Private Partnership in Highway Development

PPP is going to be the preferred mode of delivery for future phases of NHDP. While there are a number of forms of PPP, the common forms that are popular in India and have been used for development of National Highways are:

- Build, Operate and Transfer (Toll) Model
- Build, Operate and Transfer (Annuity) Model
- Operate, Maintain and Transfer (OMT) Model.

1. BOT (Toll)

Under the BOT (Toll) model, private developers/operators are awarded contracts/projects wherein they are entitled to collect and retain toll revenues for a certain tenure referred to as the concession period. The tolls are prescribed by NHAI on a per vehicle per km basis for different types of vehicles. The GoI in the year 1995 passed the necessary legislation on collection of toll. A Model Concession Agreement (MCA) has been developed to facilitate speedy award of contracts. This framework has been used for awarding contracts on the basis of BOT model.

Recently, Cabinet Committee on economic affairs, chaired by Prime Minister of India has given its approval for authorizing NHAI to allow extension of concession period for all current projects in BOT (Toll) mode that are languishing during the construction period not attributable to Concessionaire, subject to among others including:

i) The decision to grant extension may be taken on case to case basis, based on recommendation of concerned Independent Engineer and Independent Engineer will be accountable for extension for the assessment of extension recommended in extension period.

ii) Projects using said extension shall have to achive physical completion within next three years.

iii) NHAI shall follow guidelines while determining the period of delay not attributable to Concessionaire.

(Source: Press Information Buerau dated November 18, 2015)

2. BOT (Annuity)

In the BOT (Annuity) model, the concessionaire bids for projects on the basis ofannuity payments to be received from NHAI that would cover his cost (construction, operations and maintenance) and an expected return on the investment. The bidder quoting the lowest annuity is awarded the project. The annuities are paid semi-annually by NHAI to the concessionaire and linked to performance covenants. The concessionaire does not bear the traffic/tolling risk in these contracts.

3. Operate, Maintain and Transfer (OMT) Concession

NHAI has recently taken up award of select highway projects to private sector players under an OMT Concession. Till recently the task of toll collection and highway maintenance was entrusted to the tolling agents/operators and subcontractors respectively. These tasks have been integrated under the OMT concession. Under the OMT concession construction is done by an EPC contractor and once the construction is complete the private operators are appointed to collect tolls on these stretches for maintaining highways and providing essential services (such as emergency/safety services).

4. Engineering Procurement and Construction ("EPC") Contracts

EPC mode of construction is adopted for roads that are not viable on PPP basis. This mode is different from the conventional item rate contracts wherein the Government provided the detailed design along with the Bill of Quantities. The enhanced EPC mode assigns the responsibility for investigations, design and construction to contractors for a lump sum price through competitive bidding. Moreover, contractors are responsible for the maintenance during the Defect Liability Period, for a pre-defined percentage payment. Defect Liability Period is 5 years for major bridges and structures and 2 years for other parts of the road.

5. Hybrid Annuity Model

Hybrid Annuity Model is a mix of EPC and BOT (Annuity) models, with government and private enterprise sharing the total project cost in the ratio of 40:60 during construction period, where the government is funding 40% of the project cost as determined by NHAI in five equal installments during the construction period as construction support. The concessionaire would be required to bear balance 60% of the project cost through combination of equity contribution and debt raised from market. Further this 60% of the cost borne by the privae party during the construction period is to be recovered from the Authority in terms of annuity payment spread over the period of 15 – 20 years. As per this model, the financial burden on concessionaire will reduce during the construction phase. The Government will also retain the revenue risk as it would collect toll. On the other hand the private player will bear construction, operations and maintenance risks. Since the Government will bear 40% of the project cost during the construction phase, the returns to the private developer in the form of annuities during the operating phase will be proportionately lower when compared with normal annuity project fully funded by private developer. There is a risk that there may be a mismatch between the developer's cost estimates which may be higher than NHAI's cost estimates; However, when compared with EPC projects, shift to Hybrid Annuity model would ease the cash flow pressure on NHAI as it would have to provide only 40% upfront funding spread over the 30-36 months of construction period, and the concessionaire would be required to bear the balance 60% of the project cost through a combination of its equity contribution and debt raised from the market. Further, the 60% of the project cost borne by the concessionaire during the construction period is to be recovered from the Authority in terms of annuity payments spread over a period of 15 – 20 years. Therefore, NHAI's own upfront funding requirement will be lower in case of hybrid annuity compared with EPC mode. Further, annuity nature of the projects would eliminate traffic related risks thereby improving ease of financial closure and refinancing ability post project completion. However, a lot would depend on NHAI's ability to ensure 100% RoW and approvals before awarding these projects and the variation between NHAI and developers' cost estimates. Under the hybrid model, the projects would be awarded only after 90% of the land is acquired and on receipt of relevant clearances.

Incentives for Private Sector Participation

The Government has put in place appropriate policy, institutional and regulatory mechanisms including a set of fiscal and financial incentives to encourage increased private sector participation in road sector.

With a view to further augment flow of funds to the sector and to encourage private sector participation in the road sector, several initiatives have been taken by the Government which include:

- Declaration of the road sector as an industry;
- Provision of capital grants subsidy upto 40% of project cost to enhance viability of the projects on case-to-case basis.
- Duty-free import of certain identified high quality construction plants and equipments;
- 100% tax exemption in any consecutive 10 years within a period of 20 years after completion of construction provided the project involves addition of new lanes;
- Provision of encumbrance-free site for work, i.e. the Government shall meet all expenses relating to land and other pre-construction activities;
- Foreign direct investment upto 100% in road sector;

Bidding Process

General procedure for selection of concessionaires adopted by NHAI is a two-stage bidding process. Projects are awarded as per the model documents Request for Qualification (RFQ), Request for Proposal (RFP) and concession agreement - provided by the Planning Commission NHAI amends the model documents based on project specific requirements. The two stage process involves:

Stage 1: Pre-qualification on the basis of technical and financial expertise of the firm and its track record in similar projects which meets the minimum criteria set out in the RFQ Document.

Stage 2: Commercial bids from pre-qualified bidders are invited through issue of RFP. For BOT-(Toll) projects the bid parameter is the premium offered to NHAI or the grant sought from NHAI. In BOT-(Annuity) projects the bid parameter is the semi annual annuity sought from NHAI.

The Government has put in place appropriate policy, institutional and regulatory mechanisms including a set of fiscal and financial incentives to encourage increased private sector participation in road sector.

Bidding process for EPC Projects

Pursuant to MoRTH's circular no. 37010/4/2010 PIC (Pt-RFP) dated May 27, 2014, the Authority has adopted a single stage two part system for selection of the Bidder for award of the Project. Under this process, the bid shall be invited under two parts. Eligibility and qualification of the Bidder will be first examined based on the details submitted under first part (Technical Bid) with respect to eligibility and qualifications criteria prescribed in the RFP. The Financial Bid under the second part shall be opened of only those Bidders whose Technical Bids are responsive to eligibility and qualifications requirements as per the RFP.

Relationship with the Government

NHAI has relationships with the Government in several contexts as described below:

- *Government as the policy maker*
- *Statutory Powers of the Government over NHAI*
- *Government as the Lender*
- *Government as the Regulator*

Government as the policy maker

The development and maintenance of National Highways is fully financed by the Central Government as this function comes within Entry 23 of the Union List of the Seventh Schedule to the Constitution of India. Section 5 of the NH Act provides that the Central Government may direct that any function in relation to the development or maintenance of National Highways shall also be exercisable, among others, by any officer or authority subordinate to the Central Government. Accordingly, some of the functions were delegated by the Central Government to the respective State Governments. NHAI Act was passed providing for the constitution of an Authority for the development maintenance and management of National Highways and for matters connected therewith or incidental thereto.

The Central Government appoints the Chairman and may also appoint not more than six part-time members. The Central Government is empowered to vest in, or entrust to, NHAI such National Highways's or any stretch thereof, as are vested in the Government under section 4 of the NH Act. As per the provision of Act, the Central Government provides funds to NHAI for the discharge of its functions. Further to this, the fee collected by NHAI is on behalf of the Government, for services or benefits rendered by it under section 7 of the NH Act.

- ***Statutory Powers of the Government over NHAI***

  Under Section 11 of NHAI Act, the Central Government is empowered to vest or entrust any national highway or stretch thereof to NHAI by publishing a notification in the Official Gazette. On and from the date of publication of the said Notification all assets, rights or liabilities of the Central Government in respect of the said national highway or stretch thereof stands transferred to NHAI including but not limited to all debts, contracts, capital expenditure, all sums of money due to the Central Government, suits and any other legal proceedings.

- ***Government as the Lender***

  Section 17 empowers the Central Government to provide any capital that may be required by NHAI or pay to NHAI by way of loans or grants such sums of money as it may consider necessary for the efficient discharge of the functions by NHAI.

  Section 18 of NHAI Act provides for constitution of a fund namely the National Highways Authority of India Fund wherein any grant, aid, loan taken or borrowings made, any other sums received by NHAI shall be credited in. The funds are to be utilized for meeting *inter-alia* the expenses of NHAI on objects and for purposes authorized by this Act. Moreover, the Central Government *vide* its letter dated August 31, 2015 has conveyed its approval to NHAI to raise funds through the issue of debentures. The approval in the present issue of bonds has also been obtained *vide* CBDT Notification issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, by virtue of powers conferred upon it by item (h) of sub-clause (iv) of clause (15) of section 10 of the Income Tax Act, 1961 (43 of 1961). The Government support to NHAI comes primary in the form of yearly budgetary allocations, cess collected by the GoI under the Central Road Fund Act 2000 part of which is specially allocated for National Highways and capital infusion in the form of loans. For further details please refer to our chapter on "***Financial Indebtedness***" on page 111 of this Draft Shelf Prospectus.

- ***The Government as the Regulator***

  All the NHs vests in the Union of India in terms of Section 4 of the NH Act. Under Section 11 of NHAI Act, the Central Government is empowered to vest or entrust any National Highways or stretch thereof to NHAI by publishing a notification in the Official Gazette. NHAI Act under various sections confers the Central Government with powers to exercise control over the functioning of NHAI by promulgamation of rules made thereunder. More specifically, NHAI Act stipulates that NHAI shall remain bound by the directions of the Central Government on questions of policy. The Central Government is further empowered to temporarily divest NHAI from the management of any National Highways. The Central Government is further empowered to supersede NHAI if it is of the opinion that NHAI is unable to discharge the functions and its duties, persistently defaults in complying with any direction of the Central Government or if it so deemed necessary in this regard. The Central Government is further empowered to make rules for giving effect to the provisions of NHAI Act in certain matters which include but are not limited to matters relating to manner in which NHAI may invest its funds, maintain its accounts etc.

Risk Management

Steps have been taken for restructuring and strengthening NHAI, which is the implementing agency for the National HighwaysProgramme. Institutional mechanisms have been established to address bottlenecks arising from delays in environmental clearance, land acquisition etc. A special focus is being provided for traffic management and safety related issues through the proposed Directorate of Safety and Traffic Management. It is expected that the sum total of these initiatives should be able to deliver an efficient and safe highway network across the country.

In order to specify the policy and regulatory framework on a fair and transparent basis, a Model Concession Agreement (MCA) for PPPs in National Highways has been mandated. It is expected that this common framework, based on international best practices, will significantly increase the pace of project award as well as ensure an optimal balance of risk and reward among all project participants.

Revenue realization in BOT-Toll projects is subject to some key risks including, but not limited to variation in traffic, variation in toll rates, additional tollways, occurrence of premature termination on account of certain events. The concession agreement provides for various risk mitigation mechanisms including change in the concession period, differential toll rates that are linked to the cost of different roads structures under the new toll rules (linear alignment, bridges, tunnels, bypasses etc providing of termination payments under any force majeure event.

- ***Risk of Early Termination of Concession***: In the event of 'Concessionaires event of Defaults' specified in the concession agreement which the concessionaire has failed to cure within the specified cure period, and where no such cure period has been specified then within the cure period of 60 days, the concessionaire shall be deemed to be in default and NHAI shall have the right to terminate the agreement. If such default takes place within the construction period no payment is made to the concessionaire and if such default takes place during the operation period NHAI will only make payment to the extent of 90% of the debt due as on the date of such termination to the lender of the concessionaire, less insurance claim if any and NHAI will get the right over the asset.

- ***Land acquisition risk: NHAI is*** responsible for acquiring the requisite land for the project highways. NHAI acquires land under NH Act in various parts of the countries, process of land acquisition is affected by a large number of factors i.e. Government policies, social and political environment etc. and the same may cause delay in the overall process. Also, the process of land acquisition invokes a large number of litigation which may affect the large number of process. However, the risk of delay caused due to land acquisition process is managed by NHAI as it awards only those projects where acquisition has already taken place.

- ***Approval Risk***: As per the Concession Agreement/contracts, the obligation of obtaining approvals/ permissions is on the concessionaire/contractor. In order to manage these, NHAI provides assistance to the concessionaire/contractor for seeking the approval. Although NHAI endeavors to provide all reasonable support and assistance to the concessionaire in procuring applicable permits required from any Government instrumentality, the same may be delayed due to various reasons resulting in delay in completion of the projects. In order to avoid additional cost in terms of delay in approvals NHAI assists concessionaire in obtaining the following approvals:

  i. Permission of the State Government for extraction of boulders from quarry;
  ii. Permission of Village Panchayat and Pollution Control Board for installation of crushers;
  iii. Licence for use of explosives;
  iv. Permission of the State Government for drawing water from river/reservoir;
  v. Licence from Inspector of factories or other competent authority for setting up Batching Plant;
  vi. Clearance of Pollution Control Board for setting up Batching Plant;
  vii. Clearance of Village Panchayats and Pollution Control Board for Asphalt Plant;
  viii. Permission of Village Panchayat and State Government for borrow earth;
  ix. Applicable Permits, as required, relating to environmental protection and conservation shall have been procured by the Authority as a Condition Precedent
  x. Permission of State Government for cutting of trees; and
  xi. Any other permits or clearances required under Applicable Laws.

- ***Force majeure risk***

  Force Majeure risk pervades all the business of NHAI. Factors like act of God, epidemic, extremely adverse weather conditions or radioactive contamination or ionising radiation, fire or explosion, strikes or boycotts, the discovery of geological conditions, toxic contamination or archaeological remains on the Site, any event or circumstances of a nature analogous to any of the foregoing, direct/indirect political event, change in law always looms over the various projects carried by NHAI. In order to mitigate the losses due to Force Majeure NHAI has a separate mechanism of payment in case of occurrence of Force Majeure.

HUMAN RESOURCES

There are 1079 employees in NHAI as on March31, 2018. The employees include professionals in business management, accountancy, engineering, law, computer science, economics and other relevant disciplines. NHAI believes that its employees are the most valuable asset and the management has a good relationship with the employees. NHAI aims to develop a collaborative culture and ongoing consultative process at various levels of administration within the organization. NHAI believes that it has amicable relations with its employees and the management is also in constant dialogue with the employees to avoid any industrial relations issues, including strikes. The computerization of NHAI has reduced employee workloads and allowed NHAI to maintain a lean workforce during the past five to six years despite growing its business. The details of employees of NHAI as on March31, 2018 are as follows:

Category of Employees	Number of Employees
Regular	394
Deputation	293
Contract	392

Social Awareness on National Scale

NHAI is an active agent of social reform on national issues such as Road Safety and Rehabilitation and Resettlement and AIDS awareness issues. In addition, NHAI is engaged in social agenda to work towards the concept of 'Green Highways' in the future. For AIDS awareness, NHAI is already contemplating the following:

- Identifying high risk areas like roadside dhaba's, petrol bunks, temporary tents/colonies of migrant workers and inexpensive hotels/motels.
- Conducting AIDS awareness campaigns with assistance from NGOs operational in that area. Convey the associated risks and dangers of AIDS through discussion and roadside skit presentation formats.
- Making available appropriate medical aids and conducting special counseling sessions for all stakeholders in these areas.
- Providing medical assistance and guidance to the identified positive cases, so as to assist them with coping with the disease and preventing it to be spread further from them.

In furtherance of the concept of Green Highways, NHAI is contemplating development of horticulture and greenbelts along highways.

INSURANCE

NHAI has obtained insurance from United India InsuranceCompany Limited for its building at G-5 & 6, Sector 10, Dwarka, New Delhi-110075 against the risks like fire, terrorism, earth quake, loss of rent etc. The policy was taken vide policy number 2216051117P113278072and which was valid between the period 00:00 hours on December 22, 2017to midnight of December 21, 2018.The insurance policy is presently due for renewal.

COMPETITION

Since all the NHs vests in the GoI and NHAI is the nodal executing agency for development of NHs under NHDP and allied programme entrusted to it, which aims to build and upgrade National Highways to the best of international standards and is the only authority in India which oversees the implementations of the National Highways Projects undertaken by private parties or state agencies. However, other roads authorities such as PWD, road construction corporations under the control of States/Union Territory Governments are also working towards the development and maintenance of roads and certain other National Highways, some of which also form part of NHDP.

PROPERTIES

We have certain immovable properties for the purpose of our business. These properties are held on perpetual lease basis. The details of our properties are as follows:

S. No.	Description of Property	Location
1.	Land	G-3, Sector-10, Dwarka, New Delhi-110075
2.	Office Building	G-5&6, Sector-10, Dwarka, New Delhi-110075
3.	Land for Residential Building	B-5, Sector-19, Dwarka, New Delhi-110075

As on date of filing of this Draft Shelf Prospectus NHAI also has 25 Regional Offices and 179 Project Implementation Units through out India on lease. The details of the Regional Offices are prescribed herein below:

Sl. No.	Regional Office	RO Address
1.	Andhra Pradesh	Plot No.21, Teachers Colony, Gurunanak Nagar Road, Vijayawada, A.P., 520008
2.	Assam	NEDFI House, 4th Floor, G. S. Road, Dispur, Guwahati-781006, Assam
3.	Bihar	D-63, First Floor, Rajesh Kumar Path, Sri Krishnapuri Boring Road, Patna-800001
4.	Chhattisgarh (RO-Raipur)	Plot No. I-20, Anupam Nagar, Near TV Tower, Raipur.
5.	Delhi& NCR	G5 &6, Sector-10, Dwarka- New Delhi-110075
6.	RO (EPE)	G5 &6, Sector-10, Dwarka- New Delhi-110075
7.	Gujarat	235-239, 2nd Floor, Supermall-01, Above-HDFC Finance, Infocity, Gandhinagar-382007
8.	Himachal Pradesh	House No. 1, Rishikesh Sadan, Shanti Kutia, Chakkar Shimla, Dist. Shimla 171005
9.	Jammu and Kashmir	House No. 315, Sec-1,1st floor, Channi Himmat, Jammu-180015
10.	Jharkhand (RO-Ranchi)	C-129, Vidyalaya Marg, Ashok Nagar, Ranchi Jharkhand,
11.	Karnataka	Sy.No. 13, 14th km, Near Deepak Bus Stop, Nagasandra, M.S. Ramaiah Enclave, Bengaluru – Tumkur Road (NH-4), Bengaluru – 560 073
12.	Kerala	TC 86/1036-1, Ambly Arcade, SNNRA-9, Pettah- P.O. Thiruvananthapuram, Kerala -695024
13.	Madhya Pradesh (RO-Bhopal)	E-2/167 Arera Colony, Near Habibganj Railway Station, Bhopal (M.P.) – 462016
14.	Maharashtra& Goa	4th Floor, MTNL Telephone Exchange Building, Opp; CBD Belapur Railway Station, CBD- Belapur, Navi Mumbai-400614
15.	Maharashtra	4th Floor MTNL Building, Plot No. 22, Sector-11 CBD Belapur, Navi Mumbai 400614.
16.	Odisha	Odisha, 301-A, 3rd Floor, Pal Heights, Plot No. J/7, Jaydev Bihar, Bhubneswar.
17.	Haryana &Punjab	Chandigarh Bays No. 35-38, 1st Floor, Sector-4, Panchkula-134112
18.	Rajasthan	F-120, Janpath, Shyam Nagar, Jaipur-302 019
19.	Tamil Nadu (RO – Chennai)	Sri Tower, 3rd Floor, D P-34, SP Industrial Estate, Guindy, Chennai -600 032.
20.	Tamil Nadu (RO Madurai)	2nd& 3rd Floor, Vijay Krishna Plaza, No.-1, Lake Area, Melur Main Road, Mattuthavani, Madurai 625007
21.	Telangana	D.No.8-2-334/18, Road No.3, Banjara Hills, Hyderabad-500 034.
22.	Uttar Pradesh (W)	CP-12, Viraj Khand, Near Singapore Mall, Gomtinagar, Lucknow -226010 (UP)
23.	Uttar Pradesh (E)	S-2/656 A-3B, Varuna Vihar Colony, 2nd& 3rd Floor, 1 Place Tower, Behind J. P. Mehta Sr. Sec. School, Sikraul, Varanasi 221002.
24.	Uttarakhand	58/37, Balbir Road, Dehradun -248001
25.	West Bengal	Kolkatta 119, Park Street White House, Block-A 2nd Floor, Kolkata - 700 016

INFORMATION TECHNOLOGY

We have invested adequately in information technologies designed to help us better monitor and run our business. We have deployed the IT system across our organization. Our website is designed to provide a single view of our business.

REGULATIONS AND POLICIES

The regulations set out below are not exhaustive and are only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956, Central Goods and Services Tax Act, 2017 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations apply to us. The statements below are based on the current provisions of Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Background on the regulatory environment for development of National Highways:

The development and maintenance of national highways is fully financed by the Central Government as this function comes within Entry 23 of the Union List of the Seventh Schedule to the Constitution. Section 5 of the National Highways Act, 1956 provides that the Central Government may direct that any function in relation to the development or maintenance of national highways shall also be exercisable, among others, by any officer or authority subordinate to the Central Government. Accordingly, some of the functions were delegated by the Central Government to the respective State Governments. This system is commonly known as the 'Agency System' since the State Governments are paid 'Agency Charges' incurred by them on works executed on the national highways system.

Though the 'Agency System' of execution of national highway works by the State Public Works Departments has been functioning for a period of about 40 years, difficulties were experienced from time to time. Hence, came the proposal for creation of an autonomous body. In this backdrop, NHAI Act was passed providing for the constitution of an NHAI for the development maintenance and management of national highways and for matters connected therewith or incidental thereto. NHAI was operationalised in February, 1995. NHAI is the nodal agency responsible for the development, maintenance and management of National Highways entrusted to it and for matters connected or incidental thereto.

The charter of NHAI is set out in the NH Act and NHAI Act:

- Delegation of power and functions of the highway administration to NHAI.
- Enhanced powers for land acquisition.
- Right to collect tolls for road projects on its own or through third parties in accordance with specified Government guidelines.
- Authorisation to borrow from capital market through bonds, debentures and other instruments.
- Situation where Central Government will have powers to override NHAI and its officials.

Besides implementation of the NHDP, NHAI is also concerned with implementation of road safety measures and environmental management and IT initiatives in construction, maintenance and operation of National Highways.

The following are the significant laws and regulations that govern our operations:

A. The National Highways Act, 1956 ("NH Act")

The NH Act provides for the declaration of certain highways to be national highways. The NH Act categorically states that the Central Government may through a notification in the Official Gazette declare any highway to be a national highway and similarly remove any highway from the schedule of listed national highways. The Government's power to acquire land for the purpose of building, maintenance, management or operation of a national highway is very clear and there is a complete procedure laid down for the acquisition of land by the Central Government for the purpose of building a national highway and it is unequivocally stipulated therein that the provisions of the Land Acquisition Act, 1984 would not apply to an acquisition made for purposes mentioned in this Act. Further NHAI Act confers all the rights, powers, assets, liabilities, obligations etc of Central Government to NHAI.

Salient features of NH Act

In the NH Act, Highways is defined in detail to include all lands appurtenant thereto, all bridges, culvets, tunnels, causeways, carriageways and other structures constructed on or across such highways and all fences, trees, posts and boundary, furlong and milestones of such highways or any land appurtenant to such highways.

NH Act details that the Highways as defined shall vest in the Union of India (Section-4) and the Central Government shall be responsible for the development and maintenance of the same.Atthe same time the NH

Act vests the Central Government with the power to confer any of its role related to development or maintenance of a national highway to a State Government (Section-5). Section 7 further conveys the power of levy and collection of fees for use of any national highway to the Central Government.

Section 8A transmits to the Central Government, the power to enter into agreements with any person for development and maintenance of national highways and power to transfer the right of collection of user fee and regulation of traffic on such national highways. Further, Section 8B states the penalty for a mischief which results in damage to a national highway which may lead to imprisonment upto five years, or a fine, or with both.

NH Act contains a schedule which details the total number of highways which have been included or will be included in the list of national highways.

Further, the NH Act by its amendment in the year 1997 provides that the amount determined by competent authority to be payable as a compensation shall be deposited by the Central Government and the competent authority on behalf of Central Government shall pay the amount to persons entitled thereto (Section 3H).

B. The National Highways Authority of India Act, 1988 ("NHAI Act")

NHAI Act provides for the constitution of an authority, i.e. National Highways Authority of India, an autonomous body for the development, maintenance and management of national highways and for matters connected to its composition, term, functions, appointment of its officers, management, finance etc. The Central Government shall provide funds to NHAI for the discharge of its functions. NHAI will, on behalf of the Government, be empowered to collect fees for services or benefits rendered by it. For the proper management of highways, NHAI will regulate and control the plying of vehicles on the highways vested in it. The main function of NHAI is to develop and maintain national highways whose management and operation is vested in or entrusted to it by the Central Government. In discharge of the aforesaid primary function NHAI is empowered to:

- Survey, develop, maintain and manage highway vested in, or entrusted to it;
- construct offices or workshops and establish and maintain hostels, motels, restaurants and rest-rooms at or near the highways vested in, or entrusted to it;
- construct residential building and townships for its employees;
- regulate and control the plying of vehicles on the highways vested in, or entrusted to, it for the proper management thereof;
- develop and provide consultancy and construction services in India and abroad and carry on research activities in relation to the development, maintenance and management of highways or any facilities thereat;
- provide such facilities and amenities for the users of the highways vested in, or entrusted to, it as are, in the opinion of NHAI, necessary for the smooth flow of traffic on such highways;
- form one or more companies under the Companies Act to further the efficient discharge of the functions imposed on it by NHAI Act;
- engage, or entrust any of its functions to, any corporation or body corporate owned or controlled by the Government;
- advise the Central Government on matters relating to highways;
- assist, on such terms and conditions as may be mutually agreed upon, any State Government in the formulation and implementation of schemes for highway development;
- collect fees on behalf of the Central Government for services or benefits rendered under Section 7 of the NH Act and such other fees on behalf of the State Governments on such terms and conditions as may be specified by such State Governments; and
- take all such steps as may be necessary or convenient for, or may be incidental to, the exercise of any power or the discharge of any function conferred or imposed on it by NHAI Act.

Salient features of NHAI Act:

NHAI Act provides for composition of NHAI, which shall consist of a Chairman and not more than six full time members to be appointed by the Central Government. The Central Government may also appoint not more than six part-time members (Section 3). The Central Government is empowered to vest to NHAI such national highways or any stretch thereof, as are vested in the Government under Section 4 of the NH Act.

Section 13 of NHAI Act provides that any land required by NHAI for discharging its functions is deemed to be land needed for a public purpose and such land may be acquired for NHAI.NHAI Act empowers NHAI to enter into and perform any contract up to a certain value which will be prescribed by the Central Government under Section 14. Further, NHAI Act empowers, NHAI to construct offices, workshops and residential buildings for its employees and construct wayside amenities near the national highways vested in it;

Section 21 of NHAI Act provides for issues relating to borrowings and empowers NHAI to borrow money by the issue of bonds, debentures or such other instruments as it may deem fit as also may borrow temporarily by way of overdraft or otherwise, such amounts as it may require for discharging its functions under NHAI Act. The section further provides that the Central Government may guarantee the repayment of the amount due with respect to the borrowings.

The provision concerning Finance, Accounts and Audit are dealt with in Chapter V of NHAI Act. Section 17 empowers the Central Government to provide any capital that may be required by NHAI or pay to NHAI by way of loans or grants such sums of money as it may consider necessary for the efficient discharge of the functions by NHAI. Section 18 of NHAI Act provides for constitution of a Fund namely the National Highways Authority of India Fund wherein any grant, aid, loan taken or borrowings made, any other sums received by NHAI shall be credited in. The funds are to be utilized for meeting inter-alia the expenses of NHAI on objects and for purposes authorized by this Act. NHAI is statutorily obliged under Sections 22 and 23 of NHAI Act to prepare its Annual Report giving full accounts of its activities during the previous financial year and its required to maintain its account and get the same audited in a manner to be decided in consultation with the Comptroller and Auditor-General of India. The Annual Report and The Auditor’s Report are to be laid before the Parliament.

C. Central Road Fund Act, 2000 (“CRF Act”)

The CRF Act proposed to levy and collect by way of cess, a duty of excise and customs on petrol and diesel. The proceeds are used for development and maintenance of national highways, development of rural roads, development and maintenance of other state roads including roads of inter-state and economic importance and for improvement of safety at rail- road crossings, etc. The Central Road Fund (Amendment) Bill, 2017, introduced in the lower house of the Indian Parliament, seeks to allocate a share of the cess collected under the CRF Act towards the development and maintenance of national waterways in addition to the funds allocated towards national highways.

D. The Control of National Highways (Land and Traffic) Act, 2002 (“NHLT Act”)

The NHLT Act provides for control of land within the national highways, right of way and traffic moving on the national highways and for the removal of unauthorized occupation of the land within the national highways.

The purpose of NHLT Act is mainly to keep national highways clean and free of encroachment, and to ensure free and rapid movement of motorized traffic and enforcement by the establishment of highway administrations for the purpose of enforcement of the functions and powers conferred thereunder which include regulation of traffic when highway deemed unsafe, prohibition of use of heavy vehicles on certain highways, temporary closure of traffic on highways, permanent closure of highways, power to restrict use of certain vehicles at certain times, prevention and repair of damage to highway, power to prohibit leaving vehicles or animals in dangerous position. The Act also provides for penalty in case of breach, which include imprisonment upto one year and/or fine at the rate of one thousand rupees per square meter of occupied land, but which shall not exceed two times the cost of such highway land or with both.

E. Applicable Rules

As per the NH Act and the NHAI Act, the Central Government is empowered to make rules in order to further the objects of NH Act and NHAI Act. In exercise of such power, the Central Government has framed certain rules which are as follows:

- The National Highways Rules, 1957;
- The National Highways (Temporary Bridges) Rules, 1964;
- National Highways Authority of India (Budget, Accounts Audit, Investment of Funds and Powers to enter Premises) Rules, 1990;
- The National Highways (Collection of Fees by any person for the use of Section of National Highways/Permanent Bridges/Temporary bridge on National Highways) Rules, 1997;
- The National Highways (Rate of Fee) Rules, 1997;
- The National Highways (Fees for the use of National Highways Section and Permanent Bridge – Public Funded Project) Rules, 1997;
- The National Highways (Manner of Depositing the Amount by the Central Government with Competent Authority for Acquisition of Land) Rules, 1998;
- The National Highways Tribunal (Procedure for Appointment as Presiding Officer of the Tribunal) Rules, 2003;
- The National Highways Tribunal (Procedure) Rules 2003;
- National Highways Authority of India (the term of office and other conditions of service of Members) Rules, 2003as last amended by (Amendment) Rules, 2012;
- The Central Road Fund (State Roads) Rules, 2007;
- The National Highways Fee (Determination of Rates and Collection) Rules, 2008, as amended by (Amendment), Rules, 2010;
- The National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds, and power to enter premises) Rules, 1990, as amended by (Amendment) Rules, 2010;
- The National Highways Tribunal (Financial and Administrative Powers) Rules, 2004;
- The Highways Administrartion Rules, 2004; and
- The National Highways Tribunal (Procedure for Investigation of Misbehavior or incapacity of Presiding Officer) Rules, 2003.

The details of all the above mentioned rules, except, The National Highways Fee (Determination of Rates and Collection) Rules, 2008, as amended by (Amendment), Rules, 2010 (details of which is enumerated below) can be perused from the official gazette of India.

The National Highways Fee (Determination of Rates and Collection) Rules, 2008, as amended by (Amendment), Rules, 2010 ("Fee Rules")

The National Highways Fee (Determination of Rates and Collection) Rules, 2008 provides for the rules for collection of fee for use of sections of national highways, permanent bridges, bypasses and tunnels forming part of the national highways, pursuant to Section 9 of the NH Act.

The main features of Fee Rules includes uniform rate of fee for public funded and private investment projects, categorization of vehicles for fixing the base rate of fee, concession/discount to local users, and for multiple journeys, annual revision of rate of fee to reflect increase in the Wholesale Price Index (WPI), levy of user fee for two-lane highways @ 60% of the user charges prescribed for four-lane highways, rate of fee prescribed for use of permanent bridge, bypass or tunnel, provision for collection, remittance and appropriation of fee, prescription of rate of fee for overloading, location of Toll Plaza. The rate of fee calculated in terms of these Fee Rules varies for individual projects keeping in view the variation in project parameters.

Further, National Highway Fee (Determination of Rates and Collection) Rules, 2008 areamendedfrom time to time providing*inter-alia*for:

- Rule 11 was modified to include fresh categories of exemptees from payment of toll.

- The threshold cost of upgradation of 2-lanes was increased to Rs.250.00 lakh from Rs.100.00 lakh.

- For bypasses, the rate of fee for use of bypass forming part of a section of a national highway constructed with a cost of Rs. 1000 lakh or more, for the base year 2007-08, shall be 1.5 times the rate of fee specified.

- For computation of toll on the basis of the Wholesale Price Index instead of computing it on or immediately after January 1st of the year, it shall be computed from the Wholesale Price Index for the month of December of the year.

- A new category of three-axle commercial vehicle was included for collection of toll.
- Penalty for overloading.
- FASTag lane of toll plaza.
- Overloading penalty provisions applicability to all toll plazas.
- Tolerance upto 5% in gross vehicle weight and safe axle weight.
- Exemption from payment of user fee for specially designed vehicle for differently abled road users
- Prepaid payment instrument.

F. The Motor Vehicles Act, 1988

The development, maintenance and management as well as control of the National Highways are regulated by the NH Act and the NHAI Act. Under the Motor Vehicles Act, 1988, some powers have been delegated to the Transport Department of the State Governments.

Section 138 of the Motor Vehicles Act, 1988 further empowers the State Governments to make rules for the purpose of the removal and the safe custody of vehicles including their loads which have broken down or which have been left standing or have been abandoned on road; the installation and use of weighing devices; the maintenance and management of wayside amenities complexes; the exemption from all or any of the provisions of relating to fire brigade vehicles, ambulances and other special classes or descriptions of vehicle, subject to such conditions as may be prescribed; the maintenance and management of parking places and stands and the fees, if any, which may be charged for their use; prohibiting the taking hold of or mounting of a motor vehicle in motion; prohibiting the use of foot-paths or pavements by motor vehicles, generally, the prevention of danger, injury or annoyance to the public or any person, or of danger or injury to property or of obstruction to traffic.

G. Labour and Environmental Regulations

Depending upon the nature of the activity undertaken by us, applicable environmental and labour laws and regulations include the following:

- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Payment of Wages Act, 1936;
- The Workmen's Compensation Act, 1923;
- The Minimum Wages Act, 1948;
- The Payment of Bonus Act, 1965;
- The Payment of Gratuity Act, 1972;
- The Environment (Protection) Act, 1986;
- The Forest (Conservation) Act, 1980 and The Forest (Conservation) Rules, 2003;
- The Hazardous Wastes (Management and Handling) Rules, 1989;
- The Water (Prevention and Control of Pollution) Act, 1974;
- The Water (Prevention and Control of Pollution) Cess Act, 1977;
- The Air (Prevention and Control of Pollution) Act, 1981; etc.

H. Other applicable regulations

As per the NHAI Act, the NHAI is empowered to make regulation in order to further the object of NHAI Act. In exercise of such power, the NHAI has framed certain rules which are as follows:

- National Highways Authority of India (Recruitment, Seniority and Promotion) Regulations, 1996as last amended by (Amendment) Rules, 2017;
- National Highways Authority of India (Joining Time) Regulations, 1996;
- National Highways Authority of India (Incentive) Regulations, 1996;
- National Highways Authority of India (Traveling Allowance and Daily Allowance) Regulations, 1997;
- National Highways Authority of India (Leave) Regulations, 1997;
- National Highways Authority of India (Conduct Discipline and Appeal) Regulations, 1997;
- National Highways Authority of India (Leave Travel Concession) Regulations, 1997;
- National Highways Authority of India (Medical Attendance and Treatment) Regulations, 1997;

- National Highways Authority of India (Transaction of Business) Regulations, 1997;
- National Highways Authority of India (House Rent Allowance and Leased Accommodation) Regulations, 1997;
- National Highways Authority of India (Transaction of Business Amendment) Regulations 2001; and
- National Highways Authority of India (Medical Attendance and Treatment Amendment) Regulations 2004.

I. National Highways Policy Initiatives

With a view to attract private investment in road development, maintenance and operation, NH Act was amended in June 1995. In terms of these amendments, the private persons can invest in the National Highways projects, levy, collect and retain fee from users and is empowered to regulate traffic on such highways in terms of provisions of Motor Vehicle Act, 1988.

The Government has adopted a road development policy setting out the guidelines for investment in highways. In order to meet the huge investment requirements in the sector, the Government has taken a number of measures to attract private sector participation.

- The Government has permitted 100 per cent foreign equity in construction and maintenance of roads, highways, tunnels etc.
- Grant upto 40% of project cost to make project viable.
- 100% tax exemption in any 10 consecutive years within a period of 20 years after completion of the project.
- Agreements to avoid double taxation with a large number of countries.
- Concession period upto 30 years.
- Right to charge tolls on certain (toll) projects.
- These tolls are indexed to a formula linked with the wholesale price index.
- The government permits duty free import of high capacity equipment required for highway construction.
- Government support for land acquisition, resettlement and rehabilitation.
- Simplified procedure for Land Acquisition.
- MCA for Hybrid BOT (Annuity) has been finalized and future annuity projects will be awarded on this basis.
- New rules for collection of fee for use of sections of national highway, permanent bridges, bypasses and tunnels have been put into place.

J. Viability Gap Funding Scheme (VGF)

The VGF scheme provides financial support in the form of capital grant for PPP projects in various infrastructure sectors. VGF Scheme is intended to support projects which are commercially unviable but have high economic benefit.

The Empowered Institution sanctions projects for VGF upto Rs.10,000 lakh for each eligible project subject to the budgetary ceiling indicated by the Finance Ministry. The Empowered Institution also considers other proposals and places them before the Empowered Committee. Funding upto 20% of the project cost is provided. If required, an additional 20% can be made available by the sponsoring Ministry/agency. Proposals up toRs. 20,000 lakh will be sanctioned by the Empowered Committee and amounts exceeding Rs. 20,000 lakh will be sanctioned by the Empowered Committee with the approval of Finance Minister.

Capital grant for all infrastructure projects under the VGF scheme is restricted to a maximum of 40% of the project cost (for projects upwards of Rs. 20,000 lakh). Grant provided by NHAI for highway projects under the BOT route may be financed through the VGF route. VGF funding will not be available over and above NHAI's grant for projects. The Government will carry out all preparatory works for the projects identified for private investment and meet the cost of following items:

- Detailed Feasibility Study
- Land for right-of-way and enroute facilities
- Clearance of the right-of-way land: Relocation of utility services, cutting of trees, resettlement and rehabilitation of the affected establishments
- Environment Clearances
- Clearance from Indian Railways to allow construction of Rail-Over-Bridges under their supervision.
- Where design is left to the enterprise, giving details of standards and bore holes logs at bridge sites etc.

HISTORY, MAIN OBJECTS AND CERTAIN CORPORATE MATTERS

Brief Background of NHAI

NHAI is an autonomous body of the GoI under the MoRTH and was constituted on June 15, 1989 by an Act of Parliament – NHAI Act, and was made operational in February, 1995 with the appointment of full time Chairman and other Members. NHAI has an all India presence through its different offices (Regional Offices/Project Implementation Units/Corridor Management Units) in different cities. The functioning of NHAI is thus governed by NHAI Act and rules, and regulations framed thereunder. It succeeds the previous Ministry of Surface Transport.

Change in Head Office

On September 21, 2000, the Head Office of NHAI was shifted from 1, Eastern Avenue, Maharani Bagh, New Delhi – 110 065 to G – 5 & 6, Sector-10, Dwarka, New Delhi - 110 075 for administrative and operational efficiency.

Vision

To meet the nation's need for the provision and maintenance of National Highways network to global standards and to meet user's expectations in the most time bound and cost effective manner, within the strategic policy framework set by the GoI and thus promote economic wellbeing and quality of life of the people.

Main Objects

The main objects of NHAI are provided in the NHAI Act as per which NHAI is responsible for the development, maintenance and management of National Highways entrusted to it, by the GoI and for matters connected or incidental thereto. NHAI was constituted to survey, develop, maintain and manage National Highways and inter alia to construct offices or workshops, to establish and maintain hotels, restaurants and rest rooms at or near the highways vested in or entrusted to it, construct residential buildings and townships for its employees, to regulate and control plying of vehicles, to develop and promote consultancy and construction services, advise the central government on matters relating to highways and to collect fees for services and benefits rendered in accordance with NHAI Act.

Major events

Calendar Year	Event
1989	Establishment of NHAI
1995	NHAI became fully operational
1998	NHDP conceptualised
	Incorporation of Moradabad Toll Road Company Limited
2000	Government approval obtained from CCEA for NHDP Phase – I
	Incorporation of Calcutta-Haldia Port Road Company Limited
	Incorporation of Mumbai-JNPT Port Road Company Limited
	Incorporation of Mormugao Port Road Company Limited
	Incorporation of Vishakhapatnam Port Road Company Limited
	Incorporation of Ahmedabad-Vadodara Expressway Company Limited
	Incorporation of Chennai-Ennore Port Road Company Limited
2003	Government approval obtained from CCEA for NHDP Phase – II
2004	Incorporation of Cochin Port Road Company Limited
	Incorporation of Tuticorin Port Road Company Limited
	Incorporation of Paradip Port Road Company Limited
	Incorporation of New Manglore Port Road Company Limited
2005	Government approval obtained from CCEA for NHDP Phase - III
2006	Government approval obtained from CCEA for NHDP Phase – V
	Government approval obtained from CCEA for NHDP Phase – VI
2007	Government approval obtained from CCEA for NHDP Phase – VII
2009	Government approval for implementation of NHDP – based on B. K. Chaturvedi Committee Report

Calendar Year	Event
2011	Successfully raised the first public issue of tax free bonds u/s 10 (15) (iv) (h) of Income Tax Act, 1961 aggregating to Rs.10,000 Crore.
2012	Incorporation of Indian Highways Management Company Limited
	Government approval obtained from Cabinet Committee on Infrastructure for upgradation of 20,000 km. of National Highways under NHDP Phase – IV
2014	Successfully raised the amount by issue of tax free bonds u/s 10 (15) (iv) (h) of Income Tax Act, 1961 aggregating to Rs.5,000 Crore (In financial year 2013-14)
2016	The Issuer successfully raised an additional INR 19,000Crorethrough tax free bonds.
2017	The Issuer successfully raised an additional INR 27,500Crore through taxable bonds. The Issuer registered its logo.
2018	The Issuer successfully raised INR 3,000Crorethrough Rupee denominated offshore bonds (Masala bonds) and INR 5,000 Crore

Holding Company

We do not have a holding company.

Our SPVs

As on date of this Draft Shelf Prospectus, NHAI has eleven SPVs' and one associate company. Each of these SPVs is dedicated to project development to augment our objective. The details of these SPVs are as discussed below:

1. Ahmedabad-Vadodara Expressway Company Limited
2. Cochin Port Road Company Limited
3. Moradabad Toll Road Company Limited
4. Mormugao Port Road Company Limited
5. Mumbai-JNPT Port Road Company Limited
6. Tuticorin Port Road Company Limited
7. Paradip Port Road Company Limited
8. Vishakhapatnam Port Road Company Limited
9. New Mangalore Port Road Company Limited
10. Chennai Ennore Port Road Company Limited
11. Calcutta-Haldia Port Road Company Limited

NHAI has approved the winding up of its 9 SPVs out of total 11 SPVs. For further details please refer to section titled ***"Material Developments"*** on page 131.

Associate Company:

1. Indian Highways Management Company Limited

BRIEF INFORMATION OF THE SPVs AND ASSOCIATE COMPANY AS ON JUNE 30, 2018

Name	***Ahmedabad Vadodara Expressway Company Limited***
Date of Incorporation	April 05, 2000
Registered Office	NHAI Corporate Office, Plot G - 5 & 6, Sector -10, Dwarka, New Delhi-110065

Name	***Calcatta-Haldia Port Road Company limited***
Date of Incorporation	December 26, 2000
Registered Office	G 566, Sector-10, Dwarka, New Delhi-110 075

Name	***Cochin Port Road Company Limited***
Date of Incorporation	January 19, 2004
Registered Office	Room No. 101 5 & Sector 10 Dwarka, New Delhi – 110045

Name	***Moradabad Toll Road Company Limited***
Date of Incorporation	August 13, 1998
Registered Office	1 Eastern Avenue Maharani Bagh, Sector 10, Dwarka, New Delhi – 110075, India

Name	***Mormugao Port Road Company Limited***
Date of Incorporation	December 26, 2000
Registered Office	G-586, Sector 10, Dwarka, New Delhi - 110045

Name	***Mumbai-JNPT Port Road Company Limited***
Date of Incorporation	December 26, 2000
Registered Office	G 566, Sector 10 Dwarka, Delhi - 110075

Name	***Tuticorin Port Road Company Limited***
Date of Incorporation	January 19, 2004
Registered Office	Room No. 101 G 5 & 6 Sector 10, Dwarka, New Delhi-110045

Name	***Paradip Port Road Company Limited***
Date of Incorporation	January 19, 2004
Registered Office	Room No. 101 G 5 & 6 Sector 10, Dwarka, New Delhi-110045

Name	***Vishakhapatnam Port Road Company Limited***
Date of Incorporation	December 26, 2000
Registered Office	G-526, Sector 10, Dwarka, New Delhi-110075

Name	***New Mangalore Port Road Company Limited***
Date of Incorporation	January 19, 2004
Registered Office	Room No. 101 G 5 & 6 Sector 10, Dwarka, New Delhi-110045

Name	***Chennai-Ennore Port Road Company Limited***
Date of Incorporation	December 26, 2000
Registered Office	G 526, Sector -10, Dwarka, New Delhi-110 075

Name	***Indian Highways Management Company Limited***
Date of Incorporation	December 26, 2012
Registered Office	Room No-402, NHAI HQ, Plot G-5 & 6, Sector -10, Dwarka, New Delhi-110075

For financial details of the above stated entities, please refer to **Appendix –II** of this Draft Shelf Prospectus:

OUR PROMOTER

Under Entry 23 of the Union List of the Seventh Schedule to the Constitution of India the development and maintenance of National Highways is vested in Central Government. Further, Section 5 of NH Act provides that the Central Government may direct that any function in relation to the development or maintenance of National Highways shall also be exercisable among other by any officer or authority subordinate to the Central Government.

In exercise of the above powers vested in the Central Government vide Entry 23 of the Union List of the Seventh Schedule to the Constitution of India and under Section 5 of the NH Act, the President of India gave his assent to The National Highways Authority of India Bill, 1988 which was passed by both the Houses of Parliament on December 16, 1988. Accordingly, National Highways Authority of India was established on June 15, 1989 as an autonomous body under the Ministry of Road Transport and Highways, Government of India.

OUR MANAGEMENT

Members of the Board of NHAI

NHAI was constituted by an Act of Parliament, namely the National Highways Authority of India Act, 1988, to develop, maintain and manage the National Highways vested in or entrusted to it by the Central Government. As per sub-section 3(3) of NHAI Act, NHAI consists of:

(i) a chairman;
(ii) not more than six full-time members; and
(iii) not more than six part-time members.

Each of whom shall be appointed by the Central Government by notification in the official gazette. Presently, NHAI has six full time members and four part time members (including the chairman, who is also a part time member).

As per NHAI Act, the meetings of NHAI shall be held at such time and place and shall observe such rules and procedures at its meetings as may be provided by the regulation. According to National Highways Authority of India (Business of Transaction Amendment) Regulation, 2001, every meeting of NHAI shall be attended by a minimum of two third of total members and three fourth of the part time members of NHAI. NHAI Act provides that for the purpose of discharging its functions. NHAI shall appoint such number of officers and other employees as it may consider necessary on such terms and conditions as laid down in regulations. Accordingly, the officers and staff are appointed as per the provisions of National Highways Authority of India (Recruitment, Seniority and Promotion) Regulations, 1996.

DETAILS OF THE CHAIRMAN AND FULL TIME MEMBERS OF THE BOARD

Sl. No.	Description	
1.	**Name**	**Shri Sanjeev Ranjan, IAS**
	Father's Name	Shri Prabhu Narayan Roy
	Occupation	Service
	Designation	Chairman, NHAI
	Address	C-6, Tower I, New Moti Bagh, New Delhi-110023
	Date of Appointment	October 5, 2018
	DIN	02977371
	Other Directorship	None
	Nationality	Indian
	Age	55 years
2.	**Name**	**Shri R. K. Chaturvedi, IAS**
	Father's Name	Shri B.P. Chaturvedi
	Occupation	Service
	Designation	Additional Secretary and Member (Administration)
	Address	A-2, Tower-4, New Moto Bagh, New Delhi-110021
	Date of Appointment	May 28, 2018
	Other Directorships	None
	Nationality	Indian
	Age	56 years
3.	**Name**	**Shri R. K. Pandey**
	Father's Name	Shri R.P. Pandey
	Occupation	Service
	Designation	Member (Projects)
	Address	E-201, Jagran Apartment, Plot No. 17, Sector 22, Dwarka, New Delhi – 110075
	Date of Appointment	November 04, 2015
	Other Directorship	None
	Nationality	Indian
	Age	56 years

Sl. No.	Description	
4.	**Name**	**Shri D. O. Tawade**
	Father's Name	Shri OndujiTawade
	Occupation	Service
	Designation	Member (Technical)
	Address	Flat no. 7/3, Block C, Multi Story Flat, Sector-13, RK Puram, New Delhi-110066
	Date of Appointment	August 30, 2016
	Other Directorship	None
	Nationality	Indian
	Age	60 years
5.	**Name**	**Shri Anand Kumar Singh**
	Father's Name	Shri Ram Samujh Singh
	Occupation	Service
	Designation	Member (Project)
	Address	21-B, Railway Officers Colony, Sardar Patel Marg, Chanakyapuri, New Delhi-110021
	Date of Appointment	February 12, 2016
	Other Directorship	None
	Nationality	Indian
	Age	52 years
6.	**Name**	**Shri Asheesh Sharma, IAS**
	Father's Name	Late Shri Prem Chand Sharma
	Occupation	Service
	Designation	Member (Finance)
	Address	E-503, 5th Floor, Government M.S. Flats, Deen Dayal Updadhyaya Marg, New Delhi-110002
	Date of Appointment	June 5, 2018
	Other Directorship	Indian Highways Management Company Limited
	Nationality	Indian
	Age	47 years

None of the Members are on the RBI defaulter list and/or the Export Credit Guarantee Corporation default list.

DETAILS OF PART TIME MEMBERS OF THE BOARD

Sl. No.	Description	
1.	**Name**	**Shri Yudhvir Singh Malik, IAS**
	Father's Name	Shri Hoshiar Singh Malik
	Occupation	Service
	Designation	Secretary to the Government of India, Department of Road Transport & Highways, Government of India
	Address	B-58, New Moti Bagh, New Delhi-110023
	Date of Appointment	May 21, 2018
	DIN	00000555
	Other Directorships	• Haryana Tanneries Limited (in the process of Strike off) • Haryana State Handloom and Handicrafts Corporation Limited (in the process of Strike off) • National Highways & Infrastructure Development Corporation Limited • Harayana State Small Industries and Export Corporation Limited (in the process of Strike off)
	Nationality	Indian
	Age	58 years

Sl. No.	Description	
2.	**Name**	**Sh. Amitabh Kant, IAS (Retd)**
	Father's Name	Shri Rajni Kant
	Occupation	Goverment Servant
	Designation	CEO, NITI Aayog
	Address	R.N. 240, Niti Aayog, Sansad Marg, Delhi
	Date of Appointment	November 01, 2016
	DIN	00222708
	Other Directorship	India International Convention and Exhibition Centre Limited
	Nationality	Indian
	Age	62 years
3.	**Name**	**Sh. Ajay Narayan Jha, IAS**
	Father's Name	Late Dr. P.N. Jha
	Occupation	Government Service (IAS)
	Designation	Secretary, D/o Expenditure
	Address	129-A, North Block, Central Spectt., New Delhi
	Date of Appointment	November 01, 2017 as Secretary (Exp.)
	DIN	02270071
	Other Directorship	India International Convention and Exhibition Centre Limited
	Nationality	Indian
	Age	59 years
4.	**Name**	**Shri Bhesha Nand Singh**
	Father's Name	Late Shri Dharma Nand Singh
	Occupation	Service
	Designation	Director General (RD) & Special Secretary
	Address	C-1/59, Bapa Nagar, New Delhi
	Date of Appointment	July 1, 2018
	Other Directorship	None
	Nationality	Indian
	Age	59 years

None of the Members are on the RBI defaulter list and/or the Export Credit Guarantee Corporation default list.

Brief Profile of Board Members is given below:

Shri Sanjeev Ranjan, IAS, 55 years old is a Chairman of NHAI. He is an officer belonging to the Indian Administration Service ("IAS") of the Tripura cadre (1985).

Shri R.K. Chaturvedi, IAS, 56 years old is a Member Administration of NHAI. He is an officer belonging to the Indian Administration Service ("IAS") of the Madhya Pradesh cadre (1987).

Shri R. K. Pandey, 56 years is our Member (Projects) in NHAI. He holds M. Tech Degree from MAIT, Bhopal. He is a Chief Engineer from the Central Engineering Services (Roads) Group "A" of the MoRTH.

Shri D O Tawade, 60 years old is a Member within the Technical Department of NHAI. He holds an M. Tech Degree from Mumbai University. He is from the Central Engineering Services (Roads) Group "A" of the MoRTH.

Shri Anand Kumar Singh, 52 years old is a Member within the Projects Department of NHAI. He is an officer from the Indian Railway Service of Engineers (1988). He holds both Bachelor of Technology (Civil engineering) and master's degree from I.I.T. Delhi. He is an MBA (Finance) from M.D.I. Gurgaon. He has vast experience in Contract Management Division, advising on PPP matters including improvisations in Model Concession Agreements for PPP Projects, Policy for Reconciliations, Disputes & Arbitrations, His other specialisations are in the field of Operations & Logistics. His project papers include Innovative Financing in Infrastructure, Non Budgetary Funding for Unviable Projects.

Shri Asheesh Sharma, IAS, 47 years oldis a Member Finance in NHAI. He is an officer belonging to the Indian Administration Service ("IAS") of the Maharashtra cadre (1997).

Shri Yudhvir Singh Malik, IAS, 58 years old is a Part-time Member of the Issuer. He is Secretary to the Government of India, Department of Road Transport & Highways, Government of India. He is an officer belonging to the Indian Administration Service ("IAS") of the Haryana Cadre (1983). He holds a master's degree in English Literature and Development Management. He is a recipient of the Prime Minister's Award for Excellence in Public Administration for his outstanding contribution in the team initiative 'MCA-21'. Mr. Malik served as the Additional Secretary and Special Secretary within the NITI Aayog. He had also served as a Chairman, NHAI as an additional charge over his position of Secretary to the Government of India, Department of Road Transport & Highways, Government of India.

Shri Amitabh Kant, IAS (Retd) 62 years old is a Part-time Member of the Issuer. He is currently CEO, NITI Aayog, Govt of India. He has held Senior and Middle Level Managerial roles within the Government of India and the State Government.

Shri Ajay Narayan Jha, IAS 58 year old is a Part-time Member of the Issuer. He is an officer belonging to the Indian Administration Service ("IAS") of the Manipur cadre (1982). He is also the Secretary, Department of Expenditure, Ministry of Finance, Government of India. He has held Senior and Middle Level Managerial roles within the Government of India and the State Government.

Shri Bhesha Nand Singh, IES, 59 years old is a Part-time Member of the Issuer. He is currently the Director General of Road Development and Special Secretary in Ministry of Road Transport & Highways, GoI. He has held Senior and Middle Level Managerial roles in the Government of India.

Relationship with other Members

None of the Members of the Board are, in any way, related to each other.

Remuneration of the Board Members

The following table sets forth the details of remuneration paid to the full time Members in the following period.

Name of Members	Period	Salary (Rs.)
Shri Sanjeev Ranjan	Joined as Chairman on October 5, 2018	2,45,250
Shri R. K. Chaturvedi, IAS	June 2018 to October 2018	12,66,073
Shri R. K. Pandey	April 2018 to October 2018	18,85,541
Shri D O Tawade	April 2018 to October 2018	15,64,913
Shri Anand Kumar Singh	April 2018 to October 2018	14,74,879
Shri Asheesh Sharma, IAS	June 2018 to October 2018	9,92,920

Part Time Members do not draw any remuneration (including sitting fee) from NHAI.

Apart from the above the members does not draw any other payment or sitting fee or any other money from NHAI or its SPVs.

Payment or Benefit to Officers of NHAI

NHAI follows a pay structure in conformity with the guidelines as applicable to the Central Government employees, however, the deputationists are paid salary and allowances as per NHAI scale or scale applicable to their parent department as opted by them. No officer or other employee is entitled to any benefit on termination of his employment in NHAI, other than statutory benefits such as provident fund and gratuity in accordance with the applicable laws.

Borrowing Powers of the Board

Section 21 of NHAI Act provides for issues relating to borrowings and empowers NHAI to borrow money by the issue of bonds, debentures or such other instruments as it may deem fit as also may borrow temporarily by way of overdraft or otherwise, such amounts as it may require for discharging its functions under NHAI Act.

Interest of the Members

All our Members may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them.

Our Members, may also be regarded as interested, to the extent they, their relatives or the entities in which they are interested as members, directors, partners or trustees, are allotted Bonds pursuant to this Issue, if any.

Except as otherwise stated in this Draft Shelf Prospectus and statutory registers maintained in this regard, NHAI has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Shelf Prospectus in which the Members are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them.

The Members have not taken any loan from NHAI.

Debenture holding of Members:

NIL

Changes in the Members of NHAI during the last three years:

The changes in the Members of NHAI in the three years preceding the date of this Draft Shelf Prospectus is as follows:

Name &Designation	Date of Appointment	Date of retirement/ relinquishing charge	Reason/Remarks
R.K. Chaturvedi, Additional Secretary and Member (Administration)	May 18, 2018	Continuing	NA
Asheesh Sharma Member (Finance)	May 18, 2018	Continuing	NA
Subhash Chandra Garg, IAS	July 2017	November 06, 2017	Completion of Tenure
Ajay Narayan Jha, IAS Secretary, Department of Expenditure	October 31, 2017	Continuing as a Member	NA
Shri Rajeeve Kumar, IAS	May 16, 2017	June 27, 2017	Completion of Tenure
Shri Ashok Lavasa, IAS Secretary, Department of Expenditure	April 30, 2016	October 31, 2017	Completion of Tenure
Sh. Deepak Kumar Chairman, NHAI	June 27, 2017	May 16, 2018	Completion of Tenure

Name &Designation	Date of Appointment	Date of retirement/ relinquishing charge	Reason/Remarks
Shri Shashikanta Das Secretary, Department of Economic Affairs, Ministry of Finance	August 31, 2015	February 28, 2017	Superannuated
Shri R. K. Pandey Member (Projects)	November 04, 2015	Continuing as a Member	NA
Shri Sanjay Mitra Secretary, MoRTH	January 01, 2016	May 24, 2017	Appointed as Defence Secretary to the Govt of India
Shri Anand Kumar Singh Member (Project)	February 12, 2016	Continuing as a Member	NA
Shri Niraj Verma, IAS, Member (PPP)	March 14, 2016	August 23, 2018	Completition of the Tenure
Mrs. Veena Ish, IAS Member (Admin)	August 04, 2016	September 07, 2017	Posted to another Ministry
Shri D O Tawade Member (Technical)	August 30, 2016	Continuing as a Member	NA
Shri Yudhvir Singh Malik, IAS Secretary to the Government of India, Department of Road Transport & Highways, Government of India	November 28, 2016	Continuing as part time member from 27 June 2017	NA
Shri Rohit Kumar Singh, IAS Member (Finance)	December 21, 2016	May 17, 2018	Posted to cadre
Smt. Sindushree Khullar Secretary, Planning Commission	April 2, 2012	March 09, 2015	Superannuated
Shri R. P. Singh Chairman, NHAI	June 12, 2012	June 11, 2015	Completion of Tenure
Shri Rajiv Mehrishi Secretary, Department of Economic Affairs, Ministry of Finance	March 09, 2015	August 31, 2015	Replaced with Secretary, Planning Commission vide MoRTH notification dated 09.03.2015
Shri Sudhir Kumar Member (PPP)	April 15, 2013	September 8, 2015.	Repatriated vide MoRTH order No. A-12025/07/2012-E-II(B) dated September 8, 2015
Shri V. K Chibber Secretary, MoRTH	February 01, 2013	December 31, 2015	Completion of Tenure
Shri M. P. Sharma Member (Technical)	February 08, 2013	February 29, 2016	Completion of Tenure
Shri Satish Chandra Member (Finance)	April 03, 2013	April 02, 2016	Completion of Tenure
Shri R. P. Watal Secretary, Department of Expenditure	November 30, 2013	April 30, 2016	Superannuation
Shri Raghav Chandra Chairman, NHAI	August 31, 2015	November 28, 2016	Completion of Tenure
Shri S.N. Das	August 01, 2015	February 28, 2017	Superannuation

Name &Designation	Date of Appointment	Date of retirement/ relinquishing charge	Reason/Remarks
General (Road Development & Special Secretary)			
Shri Amitabh Kant CEO, NITI Aayog	November 06, 2017	Continuing as part time member	NA
Shri Manoj Kumar Director General (RD) & Special Secretary	March 01, 2017	June 30, 2017	Superannuation
Shri Bhesha Nand Singh, IES Director General (RD) & Special Secretary	July 1, 2018	Continuing as a Member	NA
Shri Sanjeev Ranjan, Chairman, National Highways Authority of India	September 17, 2018	Continuing as Chairman	NA

Shareholding of Members, including details of qualification shares held by Members

Since NHAI is not a company under the Companies Act, there is no requirement of holding qualification shares. Additionally, there is no equity share capital in the books of NHAI.

Committees of the Board of Members

The Issuer has constituted the following committees:

(i) Executive Committee;

The Executive Committee comprises of all Full-time Members of the Authority and takes decision on such issues pertaining to policies and projects that are beyond the competence of individual Authority Members but specifically do not require the approval of the Board.

(ii) Audit Committee;

The members of the Audit Committee, as constituted by the Authority are**:**

i) DGRD & SS, MoRTH, Part-time Board Member;
ii) Member (Admin), NHAI and
iii) Member (Technical), NHAI

The scope and the terms of reference of the Audit Committee, *inter alia*, include:

a) Overseeing financial reporting processes through periodic financial statements and the disclosure of financial information, significant accounting policies, to ensure that the financial statement is correct, sufficient and credible.

b) Reviewing with management in respect of the following:
   i) Audit Report of CAG on Annual Accounts of the Authority.
   ii) Report of CAG on the performance of the Authority.
   iii) Report of Committee of Public Undertakings on the CAG Report.
   iv) Critical Analysis report of Internal Auditors and the recommendation of Internal Audit Committee.

Other Committees

(i) Bond Committee

The members of the Bond Committee are:

(i) Member (Finance);

(ii) CGM(Fin);

(iii) GM (Fin).

(iv) DGM (F)

The scope and the terms of reference of the Bond Committee, inter alia, include:

1. Constituting the Sub Committee for the purposes of the issue, offer andallotment of the Bonds;

2. Authorization of any member or members of the Authority or otherofficer or officers of the Authority, includingby the grant of power ofattorneys, to do such acts, deeds and things as such authorized personin his/her/itsabsolute discretion may deem necessary or desirable inconnection with the issue, offer and allotment of the Bonds;

3. Appointing the Lead Managers to the issue in accordance with theprovisions of the Debt Regulations;

4. Seeking, if required, any approval, consent or waiver from theAuthority's lenders, and/or parties with whomtheAuthority, hasentered into various commercial and other agreements, and/or any/allconcerned government and regulatory authorities in India, and/or anyother approvals, consents or waivers that may be required in connectionwith the issue, offer and allotment of the Bonds;

5. Deciding the coupon rate and terms of the Bonds, and all other relatedmatters, including the determination of theminimum subscription forthe Bond Issue subject to and in compliance with the Notification;

6. Approval of the draft, shelf, final and tranche prospectuses as the casemay be (including amending, varying or modifying the same, as may beconsidered desirable or expedient) as finalized in consultation with thelead managers and the legal advisor, in accordance with all applicablelaws, rules, regulations and guidelines;

7. Seeking the listing of the Bonds on any Indian stock exchange(s),submitting the listing application to such stock exchange (s) and takingall actions that may be necessary in connection with obtaining suchlisting;

8. Appointing the registrar and other intermediaries for the Bond Issue, inaccordance with the provisions of the DebtRegulations;

9. Finalization of and arrangement for the submission of the DraftProspectus/Draft Shelf Prospectus to be submitted to the StockExchange(s) for receiving comments from the public and theProspectus/Shelf Prospectus/Tranche Prospectus to be filed with theStock Exchange(s), and any corrigendum, amendments supplementsthereto;

10. Appointing the bond trustee and execution of the Trust Deed inconnection with the Bond Issue, in accordance with the provisions ofthe Debt Regulations;

11. Authorization of the maintenance of a register of holders of the Bonds,in case of Bonds issued in physical form.

12. Finalization of the basis of allotment of the Bonds;

13. Finalization of the allotment of the Bonds on the basis of theapplications received;

14. Acceptance and appropriation of the proceeds of the Public Issue.

(ii) High Level Project Appraisal and Technical Scrutiny Committees (PATSC)

The following Committees headed by Members have been constituted for Technical appraisal of the projects

a) PATSC Committee-I

i)	Member (PPP)*	Chairperson
ii)	Member concerned (P/T)	Member
iii)	CGM(F)	Member
iv)	CGM(T-MK)	Member
v)	CGM(IT)	Member-Secretary
vi)	CGM(T) concerned Project	Member
vii)	Advisor (T-RKS), NHAI	Member
viii)	One Representative of NITI Aayog (Director & above)	Member
ix)	Other members, as and when required will be co-opted with approval of Chairman	

**Member (F) will chair the Committee for projects being handled by Member (PPP)*

b) PATSC Committee-II

i)	Member (Technical)	Chairperson
ii)	Member concerned (AKS)	Member
iii)	CGM(Finance)	Member
iv)	CGM(PPP)	Member
v)	CGM(Technical) concerned Project	Member
vi)	Advisor (Technical), NHAI	Member
vii)	One Representative of NITI Aayog (Director & Above)	Member
viii)	Other members, as and when required will be co-opted with approval of Chairman	

c) Internal Appraisal Committee (IAC)

The following Committee has been constituted **for** the appraisal of proposals to be implemented on EPC mode upto INR 500 Cr.

i)	Member, NHAI dealing with project	Chairman
ii)	CGM(Finance), NHAI (concerned with respective PATSC Committee-I & II)	Member
iii)	CGM(Technical) concerned Division	Member
iv)	GM concerned Division	Member

Scope of PATSC:

Under PATSC all the projects under Bharatmala Pariyojana would be technically, financially and economically appraised. As per the guidelines issued for BMP (Bharatmala Projects), NHAI has been delegated to appraise and approve the projects being developed under EPC and BOT (Toll) up to Rs 2,000 crore which does not require viability gap funding (VGF).

(iii) Conciliation and Settlement Mechanism through Independent Experts

A Conciliation and Settlement Mechanism through Independent Experts has been constituted to deal with the following matters:

i) Arbitral Tribunal (AT) Award presently under challenge before the Courts
ii) Contractual Disputes pending before the Arbitral Tribunals
iii) Fresh Contractual Disputes

(iv) Three Chief General Managers Committee (3 CGMs Committee) and Independent Settlement Advisory Committee (ISAC)

The Authority approved the formation of a High Level 3 CGMs Committee and Independent Settlement Advisory Committee for one-time settlements of pending claims in contracts of the Issuer. The 3 CGMs Committees and the Independent Settlement Advisory Committee (ISAC) are responsible only for cases referred to them prior to June 2017. A new mechanism for conciliation and settlement of disputes has been instituted.

The scope of the 3 CGM Committee, *inter alia*, include:

1. It helps in smoothing the settlement mechanism; NHAI is faced with large number of pending disputed claims.

2. CGMs to be nominated by the Chairman.

3. Different CGMs Committees can be put on different cases to expedite the settlement process.

4. In order to expedite the progress of negotiated settlement of disputes by 3 CGMs Committee, two sets of these CGM (T)'s Committee have been constituted.

5. Approach towards settlement is proposed to be based on strategies to minimize the risks in the long run across all contracts within the contractual and legal frameworks. The claims shall be resolved as one time settlement and strategy would vary based on commonality of issues across contracts or could be based on optimum settlement with firms or groups with significant stakes collectively through appraisal of merits, risks and settlements through stages of negotiations.

6. Initial negotiation will be done by 3 CGMs committee, and then matter will be placed before an Independent Settlement Advisory Committee (ISAC) and then final approval will be taken by Board of Members of NHAI.

7. The Settlement and Negotiation Committee of CGMs in consultation with Independent Advisory and Negotiation Committee may frame the broad principles and guidelines for onetime settlement. Based on the experience, the principle and guidelines shall be reviewed from time to time.

8. These committees have been functioning on the basis of uniform policies and ensuring that similar formulae are applied to arrive at settlement of pending cases with the representatives of the contractor/concessionaire. The ISAC has also become fully aware of the nuances of negotiation process. By now, the general principles of settlement covering majority of the cases have also been emerged.

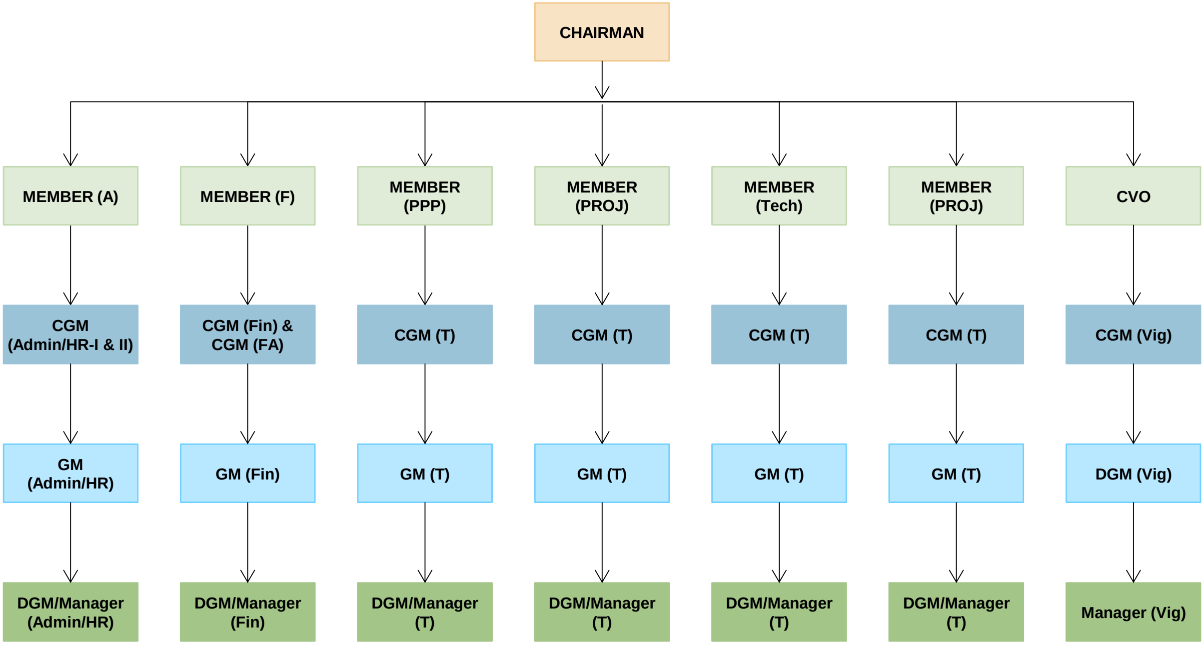
The scope and the terms of reference of the ISAC, *inter alia*, include:

1. Committees have been functioning on the basis of uniform policies and ensuring that similar formulae are applied to arrive at settlement of pending cases with the representatives of the contractor/concessionaire. The ISAC has also become fully aware of the nuances of negotiation process. By now, the general principles of settlement covering majority of the cases have also been emerged.

2. ISAC would be broadly examining in detail the recommendations of report finalized by two sets of three CGMs(T) committees already constituted and in place for negotiation/settlement of disputes. The ISAC would also examine the technical and financial aspects of each case, for arriving at an amicable settlement in the interest of NHAI by taking holistic and pragmatic approach. The ISAC may also seek clarifications and /or negotiate with the parties on any specific issue/ claim, if required.

3. ISAC's role is advisory with regard to the reasonableness and due diligence done by the CGMs Committee to arrive at the settlement in the best interests of NHAI in a given case. The NHAI officials are responsible for the factual details, amounts involved and calculations. Every case of settlement would be presented before the NHAI Board.

Organisational Structure of the NHAI



FINANCIAL INDEBTEDNESS

As on September 30, 2018, we had outstanding secured borrowings of approximately Rs. 98,27,569.40 lakh and unsecured borrowings of Rs. 50,00,000 lakh.

Bonds Outstanding as on September 30, 2018, Issued by the Authority:

Set forth below is a brief summary of our significant outstanding bonds as on September 30, 2018, together with a brief description of certain significant terms of such financing arrangements.

(i) SECURED BORROWINGS

a) BONDS ISSUED BY NHAI

Capital gains tax exemption bonds under Section 54 EC of the Income Tax Act.

Set forth below is a brief summary of our outstanding capital gains tax exemption bonds issued under Section 54EC of the IT Act as on September 30, 2018**,** together with a brief description of certain significant terms of such financing arrangements. These bonds are not listed on any stock exchange. The bonds are secured by mortgage over NHAI's immovable property, located in Gujarat, or such other immovable property that may be agreed between NHAI and the Trustees for the bondholders ranking pari-passu with the mortgages created and/or to be created on the said property for securing bonds or any other instrument.

Sl. No.	Debenture Series	Tenor/Period of Maturity	Coupon	Total Value of Outstanding Bonds (in lakh Rs)	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Trustee
1.	NHAI Bonds Series - XVI (2015-16)	3 years from the Deemed Date of Allotment	6.00% payable annually	251383.40	On Tap basis	Bullet, at the time of maturity i.e. 3 years	"IND AAA" (Assigned) by IRRPL	IL&FS Trustee Company Limited[1]
2.	NHAI Bonds Series - XVII (2016-17)	3 years from the Deemed Date of Allotment	6.00% p.a. till 30-11-16 5.25% w.e.f 01-12-16 Payable annually	5,57,274.20	On Tap basis	Bullet, at the time of maturity i.e. 3 years	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	SBICAP Trustee Company Limited[1]
3.	NHAI Bonds Series - XVIII (2017-18)	3 years from the Deemed Date of Allotment	5.25% payable annually	6,65,741.30	On Tap basis	Bullet, at the time of maturity i.e. 3 years	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	SBICAP Trustee Company Limited[2]
4.	NHAI Bonds Series - XIX (2018-19)*	5 years from the Deemed Date of Allotment	5.75% payable annually	1,50,308.60*	On Tap basis	Bullet, at the time of maturity i.e. 5 years	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	Vistra ITCL India Limited

** Allotment against amount of Rs. 3,52,91.40 lakh has not yet been completed and hence not included.*

Tax Free Bonds issued under Section 10(15)(iv)(h) of the Income Tax Act.

Set forth below is a brief summary of our outstanding Tax Free Bonds issued under Section 10(15)(iv)(h) of the Income Tax Act, together with a brief description of certain significant terms. The bonds are secured by way of pari-passu mortgage over the property of NHAI situated at Ahmedabad along with fixed assets of NHAI, being highway projects comprising of all superstructures constructed on national highways except those under Surat-Manor Tollways Project, in favor of SBICAP Trustee Company Limited.

Sl. No.	Debenture Series	Tenor/Period of Maturity	Coupon	Amount (in lakh Rs.)	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Security
1.	Tax free secured redeemable non – convertible bonds, in the nature of debentures. (2011-12)	10 years from deemed date of allotment	8.20% payable annually	6,71,408.12	January 25, 2012	January 25, 2022	CRISILAAA/ Stable by CRISIL "CARE AAA" by CARE "Fitch AAA(IND) with Stable Outlook" by FITCH	The bonds are secured by way of pari-passu mortgage over the property of NHAI situated at Ahmedabad along with fixed assets of NHAI, being highway projects comprising of all superstructures constructed on national highways except those under Surat-Manor Tollways Project, in favor of SBICAP Trustee Company Limited.
		15 years from Deemed Date of Allotment	8.30% payable annually	3,28,591.88	January 25, 2012	January 25, 2027		
2.	Tax free secured Redeemable non – convertible bonds, in the nature of debentures.** (2013-14)	10 years from deemed date of allotment (Private Placement)	8.35% payable annually	45,200.00	November 25, 2013	November 25, 2023	"CRISIL AAA/Stable" by CRISIL,"CARE AAA" by CARE"FitchAAA(ind) with Stable Outlook" by FITCH	
		15 years from Deemed Date of Allotment (Private Placement)	8.48% payable annually	84,960.00	November 25, 2013	November 25, 2028		
		10 years from deemed date of allotment – Public – Retail	8.52% payable annually	30,132.21	February 5, 2014	February 5, 2024	"CRISIL AAA/Stable" by CRISIL,"CARE AAA" by CARE, "BWR AAA with Stable Outlook" by BRICKWORK	
		10 years from deemed date of allotment – Public – Others	8.27% payable annually	47,524.71	February 5, 2014	February 5, 2024		
		15 years from deemed date of allotment – Public – Retail	8.75% payable annually	1,18,980.75	February 5, 2014	February 5, 2029		
		15 years from deemed date of allotment – Public – Others	8.50% payable annually	1,73,202.33	February 5, 2014	February 5, 2029		
3.	Tax free secured Redeemable non – convertible bonds, in the nature of debentures.*** (2015-16)	10 years from deemed date of allotment (Private Placement)	7.11% payable annually	54,900.00	September 18, 2015	September 18, 2025	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
		15 years from Deemed Date of Allotment (Private Placement)	7.28% payable annually	3,32,300.00	September 18, 2015	September 18, 2030	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
		10 years from deemed date of allotment – Public – Retail	7.39% payable annually	65,576.03	January 11, 2016	January 11, 2026	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
		10 years from deemed date of allotment – Public – Others	7.14% payable annually	68,640.24	January 11, 2016	January 11, 2026	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
		15 years from deemed date of allotment – Public – Retail	7.60% payable annually	2,67,526.27	January 11, 2016	January 11, 2031	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
		15 years from deemed date of allotment – Public – Others	7.35% payable annually	5,98,257.46	January 11, 2016	January 11, 2031	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	

Sl. No.	Debenture Series	Tenor/Period of Maturity	Coupon	Amount (in lakh Rs.)	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Security
		10 years from deemed date of allotment (Private Placement)	7.02% payable annually	45,500.00	February 18, 2016	February 18, 2026	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
		15 years from Deemed Date of Allotment (Private Placement)	7.39% payable annually	1,37,300.00	February 18, 2016	February 18, 2031	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
		10 years from deemed date of allotment Public – Retail	7.29% payable annually	19,233.40	March 9, 2016	March 9, 2026	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
		10 years from deemed date of allotment Public – Others	7.04% payable annually	97,88.07	March 9, 2016	March 9, 2026	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
		15 years from deemed date of allotment Public – Retail	7.69% payable annually	1,12,766.60	March 9, 2016	March 9, 2031	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
		15 years from deemed date of allotment Public – Others	7.39% payable annually	1,88,211.93	March 9, 2016	March 9, 2031	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	

*** At premium of Rs. 45.45 Lakh.*
**** At a premium of Rs. 169.83 Lakh.*

Taxable Bonds

Sl. No.	Debenture Series	Tenor/ Period of Maturity	Coupon	Amount (in lakh Rs.)	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Security
1.	Taxable secured Redeemable non –convertible bonds, in the nature of debentures	25 years from Deemed Date of Allotment (Private Placement)	8.03% payable annually	5,00,000.00	August 3, 2016	August 3, 2041	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	Bonds have been secured against immovable Property situated at Ahmedabad and fixed assets of NHAI being highway projects comprising of all superstructures including highway lightings, road barriers and dividers, culverts, bridges, flyovers and all other super structures constructed on national highways as
2.	Taxable secured Redeemable non –convertible bonds, in the nature of debentures	25 years from Deemed Date of Allotment (Private Placement)	7.68% payable annually	5,00,000.00	September 1, 2016	August 30, 2041	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
3.	Taxable secured Redeemable non –convertible bonds, in the nature of debentures	5 years from Deemed Date of Allotment (Private Placement)	7.17% payable annually	5,02,000.00	December 23, 2016	December 23, 2021	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
4.	Taxable secured Redeemable non –convertible bonds, in the nature of debentures	30 years from Deemed Date of Allotment (Private Placement)	7.22% payable annually	8,50,000.00	January 24, 2017	January 24, 2047	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
5.	Taxable secured Redeemable non –convertible bonds, in the nature of debentures	5 years from Deemed Date of Allotment (Private Placement)	7.60% payable annually	4,02,500.00	March 20, 2017	March 18, 2022	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	

Sl. No.	Debenture Series	Tenor/ Period of Maturity	Coupon	Amount (in lakh Rs.)	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Security
6.	Taxable secured Redeemable non –convertible bonds, in the nature of debentures	5 years from Deemed Date of Allotment (Private Placement)	7.27% payable annually	1,52,500.00	June 06, 2017	June 06, 2022	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	entrusted to NHAI [except those under the Surat – Manor Tollway Project in favour of SBICAP Trustee Compnay Limited.
7.	Taxable secured Redeemable non –convertible bonds, in the nature of debentures	30 years from Deemed Date of Allotment (Private Placement)	7.24% payable annually	5,00,000.00	June 16, 2017	June 14, 2047	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
8.	Taxable secured Redeemable non –convertible bonds, in the nature of debentures	30 years from Deemed Date of Allotment (Private Placement)	7.14% payable annually	3,50,000.00	July 14, 2017	July 12, 2047	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
9.	Taxable secured Redeemable non –convertible bonds, in the nature of debentures	15 years from Deemed Date of Allotment (Private Placement)	7.38% payable annually	5,00,000.00	August 24, 2017	August 24, 2032	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
10.	Taxable secured Redeemable non –convertible bonds, in the nature of debentures	5 years from Deemed Date of Allotment (Private Placement)	7.11% payable annually	85,000.00	06.11.2017	06.11.2022	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	
11.	Taxable secured Redeemable non –convertible bonds, in the nature of debentures	30 years from Deemed Date of Allotment (Private Placement)	8.55% payable annually	2,19,500.00	28.06.2018	28.06.2048	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	Bonds have been secured against immovable Property situated at Ahmedabad and fixed assets of NHAI being highway projects comprising of all superstructures including highway lightings, road barriers and dividers, culverts, bridges, flyovers and all other super structures constructed on national highways as entrusted to NHAI [except those under the Surat – Manor Tollway Project and Projects awarded under TOT.
12.	Taxable secured Redeemable non –convertible bonds, in the nature of debentures	30 years from Deemed Date of Allotment (Private Placement)	8.4535% payable annually	2,06,020.00	02.08.2018	02.08.2048	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA	

(ii) UNSECURED BORROWINGS

Sl. No.	Debenture Series	Tenor/ Period of Maturity	Coupon	Amount (in lakh Rs.)	Date of Allotment	Redemption Date/ Schedule	Credit Rating
1.	Taxable unsecured Redeemable non – convertible bonds, in the nature of debentures	15 years from Deemed Date of Allotment (Private Placement)	7.64% payable annually	5,00,000.00	22.11.2017	22.11.2032	AAA by CRISIL, AAA by CARE AAA by India Ratings AAA by ICRA

Unsecured loan from State Bank of India

Amount (in lakh Rs.)

Name of the Bank	Type of Facility	Loan Documentation	Interest/Coupon Rate	Repayment	Facility Sanctioned	Amount availed
State Bank of India	Term Loan	Loan Agreement dated August 02, 2018	Monthly MCLR Rate + 9 bps	Door to door tenor of 10 years (Availability plus moratorium period of 3 years and repayment period of 7 years)	25,00,000.00	12,00,000

Details of Foreign Currency un-secured loans

National Highways Authority of India has secured loan from ADB vide a Loan Agreement dated October 5, 2000 for an amount of $180,000,000. However, the total loan availed is $ 149,749,847.25. The loan is secured by the Government of India vide guarantee agreement dated October 5, 2000.The objective for availing the loan was to remove capacity constraints and improve road safety of critical section of the Western Transport corridor connecting Delhi to Mumbai (Surat- Manor Tollway Project).

Name of the Bank	Type of Facility	Loan Documentation	Interest/Coupon Rate	Repayment	Facility/ Amount Sanctioned/Availed	Outstanding Amount as on September 30, 2018 (in Rs. Lakh)
Asian Development Bank	Term Loan	Loan Agreement dated October 5, 2000	Based on the cost to the bank of such currency or currencies plus a spread, both as reasonably determine by the bank from time to time.	Principal Payment Half Yearly on January 1 and July 1.	$149,749,847.25	56,388.17

Foreign Currency bonds facilities (Unsecured)

National Highways Authority of India has raised an amount of Rs. 3,00,000.00 lakh through Masala Bonds in May 2017.

Debenture Series	Tenor/ Period of Maturity	Coupon	Amount (in lakh Rs.)	Date of Allotment	Redemption Date/ Schedule	Credit Rating
Masala Bond -2021	5 years from Deemed Date of Allotment	7.30%	3,00,000.00	May 18, 2017	Bullet repayment On May 18, 2022	Unrated

Other Terms:

Events of Default:

If any of the following events (each, an "Event of Default") occurs, the Trustee at its discretion may, and if so requested in writing by the holders of not less than 33.3 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified, secured and/or pre-funded by the Noteholders to its satisfaction), give written notice to the Issuer that the Notes are, and they shall accordingly thereby become, immediately due and payable at their principal amount together with accrued interest:

(a) Non-Payment

The Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within five Business Days of the due date for payment thereof;

(b) Breach of other obligations

The Issuer does not perform or comply with one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 Business Days after written notice of such default shall have been given to the Issuer by the Trustee;

(c) Insolvency

The Issuer is declared by a court of authority with jurisdiction to be insolvent or bankrupt or unable to pay its debts, or stops, suspends payment of all or part of (or of a particular type of) its debts, or part of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer;

(d) Cross-default

(i) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, any moneys borrowed or raised, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9.1(d) have occurred equals or exceeds U.S.$50,000,000 or its equivalent (as reasonably determined on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank selected by the Issuer (and notified to the Trustee) on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity);

(e) Enforcement Proceedings

A distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, which is material to the Issuer, and is not discharged or stayed within 45 Business Days;

(f) Cessation of Business

The Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations;

(g) Security Enforced

An encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or any substantial part of the property, assets or revenues of the Issuer and is not discharged within 45 Business Days;

(h) Failure to take action

Any action, condition or thing at any time to be taken, fulfilled or done in order (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes or the Trust Deed, (B) to ensure that those obligations are legal, valid, binding and enforceable and (C) to make the Notes and the Trust Deed admissible as evidence in the courts of India is not taken, fulfilled or done;

(i) Unlawfulness

It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed;

(j) Expropriation

Any step is taken by governmental authority or agency or any other component authority, with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, which is material to the Issuer as a whole;

(k) Non-compliance

The Issuer fails to comply in any material respect with any applicable laws or regulations including those applicable under the laws of the Republic of India (including any foreign exchange rules or regulations) of any governmental or other regulatory authority for any purpose to enable it lawfully to exercise its rights or perform or comply with its obligations under the Notes, the Trust Deed or the Agency Agreement or to ensure that those obligations are legally binding and enforceable or that all necessary agreements or other documents are entered into and that all necessary consents and approvals of, and registrations and filings with, any such authority in connection therewith are obtained and maintained in full force and effect; and

(l) Change of Control

If pursuant to Section 32 of the NHAI Act, 1988 or any amendment thereof or under any other applicable law, the Central Government takes any action to exercise its powers to supercede the Issuer.

(m) Analogous events

Any event occurs which under the laws of India has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

RBI regulations, at the time of redemption may require the Issuer to obtain the prior approval of the RBI before effecting such a redemption prior to the maturity date. Such approval may or may not be forthcoming.

Loan from NSSF

Debenture Series	Tenor/ Period of Maturity	TermsCoupon	Amount (in lakh Rs.)	Date of Loan	Redemption Date/ Schedule	Credit Rating
Loan	10 Years	7.70% Payable half yearly	10,00,000.00	17.01.2018	Bullet repayment On 17.01.2028	Unrated
Loan	10 Years	7.92% Payable half yearly	10,00,000.00	07.03.2018	Bullet repayment On 07.03.2028	Unrated
Loan	10 Years	8.38% Payable half yearly	5,00,000.00	06.06.2018	Bullet repayment On 06.06.2028	Unrated
Loan	10 years	8.33% Payable half yearly	5,00,000.00	28.09.2018	Bullet repayment On 28.09.2028	Unrated

B) TERMS OF ASSETS CHARGED AS SECURITY

Principal terms of issue in brief		Details of assets charged as security
Debt Facility	Tax Free Bonds (10 years)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2011), being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways
Amount	Rs. 6,71,408.12 lacs	
Raised in	Financial Year 2011-2012	
Credit Rating	"AAA/Stable" by CRISIL, "AAA" by CARE and "AAA (ind) with Stable Outlook" by FITCH	
Coupon Rate	8.20% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2021-22	

Principal terms of issue in brief		Details of assets charged as security
Bond Trustee	SBICAP Trustee Company Limited	except those under the Surat-Manor Tollway Project entrusted to NHAI
Debt Facility	Tax Free Bonds (15 years)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2011), being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI
Amount	Rs. 3,28,591.88 lac	
Raised in	Financial Year 2011-2012	
Credit Rating	"AAA/Stable" by CRISIL, "AAA" by CARE and "AAA (ind) with Stable Outlook" by FITCH	
Coupon Rate	8.30% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2026-2027	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Tax Free Bonds (10 years)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2013), being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI
Amount	Rs. 45,200.00 lacs	
Raised in	Financial Year 2013-2014	
Credit Rating	"AAA/Stable" by CRISIL, "AAA" by CARE and "and BWR AAA by Brickwork	
Coupon Rate	8.35% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2023-24	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Tax Free Bonds (15 years)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2013), being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI
Amount	Rs. 84,960.00 lacs	
Raised in	Financial Year 2013-2014	
Credit Rating	""AAA/Stable" by CRISIL, "AAA" by CARE and "and BWR AAA by Brickwork	
Coupon Rate	8.48% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2028-2029	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Tax Free Bonds (10 years)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2013), being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI
Amount	Rs. 77656.92 lacs	
Raised in	Financial Year 2013-2014	
Credit Rating	AAA/Stable" by CRISIL, "AAA" by CARE and "and BWR AAA by Brickwork	
Coupon Rate	8.27% p.a. (others); 8.52% p.a. (retail)	
Interest Payment	Annual	
Maturing in	Financial Year 2023-24	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Tax Free Bonds (15 years)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2013), being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super
Amount	Rs. 292183.08 lacs	
Raised in	Financial Year 2013-2014	
Credit Rating	"AAA/Stable" by CRISIL, "AAA" by CARE and "AAA(ind) with Stable Outlook" by FITCH	
Coupon Rate	8.50% p.a. (others); 8.75% p.a. (retail)	
Interest Payment	Annual	

Principal terms of issue in brief		Details of assets charged as security
Maturing in	Financial Year 2028-2029	structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Bond Series XVI	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s) created and/ or to be created on the said property for securing the bonds or any other instruments
Amount	Rs. 4,28,117.00 lacs	
Raised in	Financial Year 2015-2016	
Credit Rating	'IND AAA by IRRPL	
Coupon Rate	6.00% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2018-2019	
Bond Trustee	IL& FS Trustee Co. Limited	
Debt Facility	Tax Free Bonds (10 years) (Private Placement)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI, being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI
Amount	Rs. 54,900.00 lacs	
Raised in	Financial Year 2015-16	
Credit Rating	""IND AAA" by IRRPL, "CARE AAA" by CARE, "[ICRA] AAA" by ICRA "CRISIL AAA/Stable" by CRISIL	
Coupon Rate	7.11%	
Interest Payment	Annual	
Maturing in	Financial Year 2025-26	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Tax Free Bonds (15 years) (Private Placement)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI, being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI
Amount	Rs. 33,2300.00 lac	
Raised in	Financial Year 2015-16	
Credit Rating	IND AAA" by IRRPL, "CARE AAA" by CARE, "[ICRA] AAA" by ICRA "CRISIL AAA/Stable" by CRISIL	
Coupon Rate	7.28% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2030-31	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Tax Free Bonds (10 years) (Public Issue)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI
Amount	Retail Rs. 65,576.03 lacs Non Retail 68,640.24lacs	
Raised in	Financial Year 2015-2016	
Credit Rating	IND AAA" by IRRPL, "CARE AAA" by CARE, "[ICRA] AAA" by ICRA "CRISIL AAA/Stable" by CRISIL	
Coupon Rate	7.14% p.a. (others); 7.39% p.a. (retail)	
Interest Payment	Annual	
Maturing in	Financial Year 2025-2026	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Tax Free Bonds (15 years) (Public Issue)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2013), being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super
Amount	Retail Rs. 2,67,526.27 lac Non retail Rs. 5,98,257.46lacs	
Raised in	Financial Year 2015-16	
Credit Rating	IND AAA" by IRRPL, "CARE AAA" by CARE, "[ICRA] AAA" by ICRA "CRISIL AAA/Stable" by CRISIL	

Principal terms of issue in brief		Details of assets charged as security
Coupon Rate	7.35% p.a. (others); 7.60% p.a. (retail)	structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI
Interest Payment	Annual	
Maturing in	Financial Year 2030-31	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Tax Free Bonds (10 years) (Private Placement)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI, being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI
Amount	Rs. 455,00.00 lac	
Raised in	Financial Year 2015-16	
Credit Rating	""IND AAA" by IRRPL, "CARE AAA" by CARE, "[ICRA] AAA" by ICRA "CRISIL AAA/Stable" by CRISIL	
Coupon Rate	7.02%	
Interest Payment	Annual	
Maturing in	Financial Year 2025-26	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Tax Free Bonds (15 years) (Private Placement)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI, being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI
Amount	Rs. 1,37,300.00 lac	
Raised in	Financial Year 2015-16	
Credit Rating	IND AAA" by IRRPL, "CARE AAA" by CARE, "[ICRA] AAA" by ICRA "CRISIL AAA/Stable" by CRISIL	
Coupon Rate	7.39% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2030-31	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Tax Free Bonds (10 years) (Public Issue)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI
Amount	Retail Rs. 19,233.40 lac Non Retail 9,788.07 lac	
Raised in	Financial Year 2015-2016	
Credit Rating	IND AAA" by IRRPL, "CARE AAA" by CARE, "[ICRA] AAA" by ICRA "CRISIL AAA/Stable" by CRISIL	
Coupon Rate	7.04% p.a. (others); 7.29% p.a. (retail)	
Interest Payment	Annual	
Maturing in	Financial Year 2025-2026	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Tax Free Bonds (15 years) (Public Issue)	Secured by a legal mortgage over NHAI's immovable property situated at Ahmedabad, Gujarat, along with first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2013), being highway projects comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI
Amount	Retail Rs. 1,12,766.60 lac Non retail Rs. 1,88,211.93 lac	
Raised in	Financial Year 2015-16	
Credit Rating	IND AAA" by IRRPL, "CARE AAA" by CARE, "[ICRA] AAA" by ICRA "CRISIL AAA/Stable" by CRISIL	
Coupon Rate	7.39% p.a. (others); 7.69% p.a. (retail)	
Interest Payment	Annual	
Maturing in	Financial Year 2030-31	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Bond Series XVII	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s)
Amount	Rs. 5,57,274.20 lacs	
Raised in	Financial Year 2016-2017	

Principal terms of issue in brief		Details of assets charged as security
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	created and/ or to be created on the said property for securing the bonds or any other instruments
Coupon Rate	6.00% p.a. till 30-11-2016 5.25% p.a. w.e.f 01-12-2016	
Interest Payment	Annual	
Maturing in	Financial Year 2019-2020	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Bond Series XVIII	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s) created and/ or to be created on the said property for securing the bonds or any other instruments
Amount	Rs. 6,65,741.30 lacs	
Raised in	Financial Year 2017-2018	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	5.25% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2020-2021	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Bond Series XIX	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s) created and/ or to be created on the said property for securing the bonds or any other instruments
Amount	Rs. 150308.60 lacs*	
Raised in	Financial Year 2018-2019	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	5.75% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2023-2024	
Bond Trustee	Vistra ITCL India Ltd	
** Allotment against amount of Rs. 3,52,91.40 lakh has not yet been completed and hence not included.*		
Debt Facility	Bond Series I	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s) created and/ or to be created on the said property for securing the bonds or any other instruments
Amount	Rs. 5,00000.00 lacs	
Raised in	Financial Year 2016-2017	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	8.03% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2041-42	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Bond Series II	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s) created and/ or to be created on the said property for securing the bonds or any other instruments
Amount	Rs. 5,00000.00 lacs	
Raised in	Financial Year 2016-2017	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	7.68% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2041-42	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Bond Series III	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s) created and/ or to be created on the said property for securing the bonds or any other instruments
Amount	Rs. 5,02000.00 lacs	
Raised in	Financial Year 2016-2017	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	7.17% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2021-2022	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Bond Series IV	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s) created and/ or to be created on the said property for securing the bonds or any other instruments
Amount	Rs. 8,50,000.00 lacs	
Raised in	Financial Year 2016-2017	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	7.22% p.a.	

Principal terms of issue in brief		Details of assets charged as security
Interest Payment	Annual	
Maturing in	Financial Year 2046-2047	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Bond Series V	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s) created and/ or to be created on the said property for securing the bonds or any other instruments
Amount	Rs. 4,02,500.00 lacs	
Raised in	Financial Year 2016-2017	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	7.60% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2021-2022	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Bond Series I	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s) created and/ or to be created on the said property for securing the bonds or any other instruments
Amount	Rs. 1,52,500.00 lac	
Raised in	Financial Year 2017-2018	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	7.27% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2022-2023	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Bond Series II	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s) created and/ or to be created on the said property for securing the bonds or any other instruments
Amount	Rs. 5,00,000.00 lacs	
Raised in	Financial Year 2017-2018	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	7.24% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2047-2048	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Bond Series III	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s) created and/ or to be created on the said property for securing the bonds or any other instruments
Amount	Rs. 3,50,000.00 lac	
Raised in	Financial Year 2017-2018	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	7.14% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2047-2048	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Bond Series IV	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s) created and/ or to be created on the said property for securing the bonds or any other instruments
Amount	Rs. 5,00,000.00 lac	
Raised in	Financial Year 2017-2018	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	7.38% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2032-2033	
Bond Trustee	SBICAP Trustee Company Limited	
Debt Facility	Bond Series V	Secured by a legal mortgage over NHAI's immovable property located at Ahmedabad, Gujarat ranking pari-passu with the mortgage(s) created and/ or to be created on the said property for securing the bonds or any other instruments
Amount	Rs. 85000.00 lac	
Raised in	Financial Year 2017-2018	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	7.11% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2022-2023	
Bond Trustee	SBICAP Trustee Company Limited	

Principal terms of issue in brief		Details of assets charged as security
Debt Facility	Series-I 2018-19	Bonds have been secured against immovable Property situated at Ahmedabad and fixed assets of NHAI being highway projects comprising of all superstructures including highway lightings, road barriers and dividers, culverts, bridges, flyovers and all other super structures constructed on national highways as entrusted to NHAI [except those under the Surat – Manor Tollway Project and Projects awarded under ToT.
Amount	Rs. 219500.00 lacs	
Raised in	Financial Year 2018-19	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	8.55% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2048-49	
Bond Trustee	VISTRA (ITCL) India Limited	
Debt Facility	Series-II 2018-19	Bonds have been secured against immovable Property situated at Ahmedabad and fixed assets of NHAI being highway projects comprising of all superstructures including highway lightings, road barriers and dividers, culverts, bridges, flyovers and all other super structures constructed on national highways as entrusted to NHAI [except those under the Surat – Manor Tollway Project and Projects awarded under ToT.
Amount	Rs. 206020.00 lacs	
Raised in	Financial Year 2018-19	
Credit Rating	AAA by CRISIL, CARE, ICRA, IRRPL	
Coupon Rate	8.4535% p.a.	
Interest Payment	Annual	
Maturing in	Financial Year 2048-49	
Bond Trustee	VISTRA (ITCL) India Limited	

Servicing behaviour on existing debt securities, payment of due interest on due dates on loans and debt securities:

As on date of this Draft Shelf Prospectus, there has been no default or delay in payment of principal or interest on any loan or debt securities or other financial indebtedness, by the NHAI in the past 5 years. However, there are 3 pending consumer case in which NHAI has been made one of the parties against the alleged delay in payment of interest /redemption amount from the registrar. For further details, please refer to chapter ***"Outstanding Litigation and Material Developments"*** on page 124 of this Draft Shelf Prospectus.

CORPORATE GUARANTEE

As on September 30, 2018, NHAI has not issued any corporate guarantee.

COMMERCIAL PAPER

As on September 30, 2018, NHAI has not issued any commercial papers.

Details of any outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part; (ii) at a premium or discount; or (iii) in pursuance of an option.

NHAI issued bonds at a premium of Rs. 45,45,656.00 for private placement of tax free bonds during Financial Year 2013-14. Further, NHAI has issued bonds at a premium of Rs. 7,03,22,000.00 for private placement of tax free bonds during Financial Year 2015-16.

As on September 30, 2018, NHAI has no outstanding borrowings taken/debt securities issued for consideration other than cash, whether in whole or part; at a premium or discount; or in pursuance of an option except as mentioned.

SECTION V – LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*In the ordinary course of our business, we as well as certain of our officers and employees, subsidiaries may be involved in legal, regulatory, arbitral and claims at various levels of adjudication, including criminal cases, civil suits, arbitral claims, taxes including income, employment-related disputes, land-acquisition related disputes and environmental disputes. The total claim against NHAI in all such proceedings is not ascertainable, as the monetary claim against us has not been quantified. The following are certain material legal proceedings involving NHAI, members of Board of NHAI and its SPVs as on the date of the Shelf Prospectus. For the purpose of this section, pending legal proceedings where there is monetary claim of Rs. 500 crore and above or above by/against NHAI have been considered material. Further, the details of all criminal, tax-related, environmental and regulatory proceedings and certain material civil proceedings by/against NHAI have been disclosed. This is not an exhaustive presentation of all legal, regulatory, arbitral and administrative proceedings that NHAI is involved in. Also see "**Risk Factors**"* on page 12.

(i) Criminal

Nil

(ii) Tax Matters

Nil

(iii) Actions by Statutory and Regulatory Authorities

Nil

(iv) Environmental

1. Jay Singh has filed an application (**No. 420 of 2018**) before National Green Tribunal against us, among other parties. The applicant has alleged that while undertaking the construction of widening and improvement of the existing carriage way to 2/4 lane of Bilspur-Ner-Chowk Section of NH-21 in the State of Punjab and Himachal Pradesh, NHAI has dumped muck on the private land of the applicant and the land is not suitable for agricultural purpose. The matter is currently pending.

2. Vipas Pandit has filed an application (**No. 235 of 2017**) before National Green Tribunal, Principal Bench, New Delhi against us, among other parties. The applicant has alleged that construction like NH-11, Hotels &Marriage Home and Residential and other Structures around Keoladeo National Park, Bharatpurare causing Noise and Air Pollution and threat to wetland. Therefore, the applicant has pleaded in hisapplication to: (i)demolish and restrain any constructions of permanent nature raised in the park or within the range of 10 kms; (ii) to bar the use of chemicals like insecticides and pesticides; and (iii) to construct a bypass at least 10kms away from the periphery of Keoladeo National Park as NH-11 runs adjacent to the Keoladeo National Park, Bharatpur; etc. The matter is currently pending before National Green Tribunal Principal Bench, New Delhi.

3. Ram Avtar Yadav has filed an application (**No. 147 of 2018**) before NGT against us, among other parties. The applicant has filed this application raising the issue over the proposed toll plaza on the Delhi-Jaipur Expressway in Aravallirange in Manesar, Gurgaon by claiming that the construction of the same wouldresult in irreparable damage to the Aravallis and the ecosystem. He has prayed to: (i) not to consider the 65 acres of land in village Manesar, Sehrawan and Kukrola as identified for the construction of the toll plaza; (ii) consider alternative sites or better management of existing toll plaza at KherkiDhaula; and (iii) prepare and implement a wildlife management plan to prevent accidents of wild life animals in the Aravalli range. The matter is currently pending before the NGT.

4. The Society for Protection of Culture, Heritage, Environment, Tradition and Promotion of National Awareness has filed an application (**No. 307 of 2016**) before National Green Tribunal, Principal Bench, New Delhi against us, among other parties. The applicant has alleged that NHAI has not taken any steps forthe preservation of water bodies or water recharging areas for harvesting rainwater. We have filed a reply stating that the stretch of NH-8 in question is owned by the Delhi Jal Board and the Airport Authority of India. We have only been granted the land for construction purposes and thus are not required to respond to the requests made by the applicant before NGT. The matter is currently pending before National Green Tribunal, Principal Bench, New Delhi.

5. Amandeep Agarwal has filed an application (**No. 161 of 2016**) before National Green Tribunal, Principal Bench, New Delhi against the State of Punjab, among other parties. The said application was filed with respectto felling and cutting of trees which would hamper the development projects having national importance. We were not made a party to it and hence an miscellaneous application was filed by us (**No. 1118 of 2017**) as several of our projects are being executed. Therefore, we have prayed that felling of trees without the permission of the Principal Bench should be prohibited. The matter is currently pending before National Green Tribunal, Principal Bench, New Delhi.

6. We have filled a transfer application (**No.1147 of 2018**) before National Green Tribunal, Principal Bench, NewDelhi to transfer the appeal (**No. 44 of 2016**) fromNational Green Tribunal, Western Bench, Pune to National Green Tribunal Principal Bench, New Delhion the grounds that the Hon'ble Western Benchis expected to be non-functional for want of quorum of the Hon'ble members. The said matter is related to the environmentclearance in the Ahmadabad /Vadodara Expressway upto Mumbai. The matter is currently pending before National Green Tribunal Principal Bench, New Delhi.

7. An application **(No. 199/2014)** was filed before the National Green Tribunal Principal Bench, New Delhi regarding the Ghazipur Dump Site and the environmental problems that are caused due to the unsegregated, un-recycled large mountain of dump. NHAI was not a party to these proceedings till 2017 and East Delhi Municipal Corporation (EDMC) had been exploring the implementation of a project to undertake the removal and processing of the Municipal solid waste dumped at the site. In view of the same, the EDMC held discussions with the NHAI for use of solid waste for construction of embankments in the expansion of NH-24 or other National Highway projects undertaken by the NHAI. In view of our role, we were impleaded in the case in 2017. The matter is currently pending.

(v) Others

1. Arbitration

The following arbitration cases are initiated by Contractors/Concessionaires (hereinafter mentioned as the "Claimant") against NHAI in relation to variousprojects across India:

1. Gwalior Jhansi Expressways Limited has initiated an arbitration proceeding against us in relation to the designing, development and maintenance of certain sections of NH-75 in the States of Uttar Pradesh and Madhya Pradesh. The claims relate to compensation for non-payment of annuities and interest, for additional direct costs incurred by the Claimant due to material breach of the concession agreement and additional costs incurred by the Claimant in respect of interest payments during the construction period beyond the scheduled project completion date. The claims raised by the Claimant amount to Rs. 2061.15 Crore. NHAI hasalsofiled a counter claim against the Claimant for the failurerelating to compliance of the maintenance obligation, reimbursement of one-half of remuneration, costs and expenses of the independent consultant, delayed cost due to time overrun and also on account of loss of toll revenue due to delay. The counter claim is for an amount of Rs.1702.4 Crore. The said matter is currently pending.

2. GVK Shivpuri Dewas Expressway Private Limited has initiated arbitration proceedings against us in relation to the designing, development and maintenance of the Shivpuri-Dewas Section of NH-3 in the State of Madhya Pradesh. The claims raised by the Claimantrelate to the return of the performance bank guarantee upon termination of the contract by us and compensation for the losses suffered by the Claimant due to delay in receiving environmental clearances. The claims raised by the Claimant amount to Rs. 691.33 Crore. NHAIhas also filed a counter claim against the Claimant for amounts incurred on account of maintenance and management of the existing stretch, estimated expenses on account of retendering and on account of loss of premium. The counter claim is for an amount of Rs. 939.50 Crore. The matter is currently pending.

3. Abhijeet Angul Sambalpur Toll Road Limited has initiated arbitration proceedings against us in relation to the rehabilitation and upgradation of four laning of the Angul-Sambalpur section of NH-42 in the State of Odisha. The claims raised relateto the compensation for losses suffered by the Claimant on account of delay in procurement of site and necessary approvals, wrongful termination of the concession agreement and debarment from participation in

bidding for future projects of NHAI. The claims raised by the Claimant amount to Rs.2107 Crore. The matter is currently pending.

4. Lanco Kanpur Highways Limited has initiated arbitration proceedings against us in relation to Aligarh Kanpur Section of NH-91 from 140.00 km to 418.162 km in the State of Uttar Pradesh. The claims relate to legality of the termination letter, invocation of encashment letter, return of the performance security bank guarantee and the entire cost of arbitration proceedings and other legal costs. The claims raised by the Claimant amount to Rs. 300.36 Crore. NHAI has also filed a counter claim against the Claimant for damages for delay on account of non-fulfillment of condition precedent, damages due to termination and compensation for various defaults made by the Claimant. The amount of said counter claim is Rs 701.99 Crore. The matter is currently pending.

5. GMR Hyderabad Vijaywada Expressways Private Limited has initiated arbitration proceedings against us in relation to the Hyderabad-Vijayawada section of NH-9 (now known as NH-65) in the State of Andhra Pradesh. The claims raised relate to loss of revenue and additional financial burden on account of change in law which has resulted in reduction of traffic on the project highway. The Claimant has raised a claim for Rs.752.32 Crore. Further, in alternative, the Claimant has prayed for a claim of Rs.3,124 Crore on account of frustration of concession agreement. The matter is currently pending.

6. Bangalore Elevated Tollway Limited has initiated arbitration proceedings against us in relation to the "Construction of Elevated Highway Project from Silk Board Junction to Electronic City Junction (8.765 km to 18.750 km)". The claim raised relates to additional cost due to prolongation, compenstaion due to non availability of access to any part, change in scope and determination and certification of toll loss at Attibele Toll Plaza. The claim raised by the Claimant amounts to Rs.895.2 Crore. The matter is currently pending.

7. Navayuga Magathmithila Tollway Private Limited has initiated arbitration proceedings against us in relation to the "Four laning of Bhakhtiyarpur-Khagaria Section from 0.000km to 112.982 km (existing chainage from 153.30 km to 270.00km) of NH-31 in the State of Bihar under NHDP Phase-III on BOT (Toll) Basis". The claim raised relates to refund of the amounts of bank guarantee/s, damages towards delay and cost of litigation. The claim raised by the Claimant amounts to Rs.895.2 Crore. We have also filed a counter claim for Rs. 734 Crore on account ofadditional cost incurred due to termination and re-award of project and cost incurred on process of inviting bid and re-award of project. The matter is currently pending.

8. Oriental Nagpur By-Pass Construction Private Limited has initiated arbitration proceedings against us in relation to the "Four Laning of NH-7 from MP/MH Border to Nagpur i.e. from km 652 to km 729 of NH-7, including Construction of Kamptee-Kanhan and Nagpur bypass and including maintenance of already four laned section of NH-7 from km 14.585 to km 36.600 (Nagpur-Hyderabad section) on DBFOT Basis". The claim raised relates to the payment of compensation to the concessionaire due to shifting of already constructed/permanent Toll Plazas resulting into perpetual toll loss and revenue shortfall. The claim raised by the Claimant amounts to Rs. 1112.3 Crore. The matter is currently pending.

9. Narmada Bridge Tollway Limited has initiated arbitration proceedings against us in relation to the "Six- laning of km 192.000 to km 198.000 of Vadodara-Surat Section of NH-8 including construction of a new four-lane extradosed bridge across river Narmada in the State of Gujarat". The Claimant seekscompensation for repair & rehabilitation work of old Narmada Bridgeof Rs.61.08 Crore. We have also filed a counter claim for damages due to cost of replacement of superstructure, delay in rehabilitation work and for delay in achieving financial close for Rs. 591.41Crore. The matter is currently pending.

10. Raiganj-Dalkhola Highways Limited has initiated arbitration proceedings against us in relation to the "Four-Lanning of NH-34 in the Raiganj-Dalkhola Section from km 398 to km 452.750 in the State of West Bengal under NHDP Phase-III". The Claimant has sought

compensation along with interest aggregating to Rs. 802.13 Croreand cost for arbitration for wrongful termination of the concession agreement. The matter is currently pending.

11. Farakka-Raiganj Highways Limited has initiated arbitration proceedings against us in relation to the "Four-Lanning of Farakka-Raiganj Section of NH-34 from km 295.000 to km 398.00 in the State of West Bengal under NHDP Phase-III". The claims relate to the compensation along with the interest for additional costs incurred/losses/damages suffered and also reimbursement of costs expended in carrying out arbitration proceedings. The claim raised by the Claimant amounts to Rs. 681.35 Crore. The matter is currently pending.

12. Farakka-Raiganj Highways Limited has initiated arbitration proceedings against us in relation to the "Four-Lanning of Farakka-Raiganj Section of NH-34 from km 295.000 to km 398.00 in the State of West Bengal under NHDP Phase-III". The claims relate to declaration of entitlement to adopt stage construction of pavement as per the terms of the concession agreement and also award the cost of arbitration. The claim raised by the Claimant amounts to Rs. 712.42 Crore. The said matter is currently pending.

13. Soma Isolux Kishangarh-Beawar Tollway Private Limited has initiated arbitration proceedings against us in relation to the "improvement, operation and maintenance, rehabilitation and strengthening of the existing 2 lane road and widening it to Six-lane divided highway from km 364.125 to km 58.245 (approximately 93.56 km) on the Krishangarh-Ajmer-Beawer section of National Highway". The claim relates to compensation for increase in overheads due to extended construction period, for additional cost due to loss of productivity, idling and under-utilization of plant & equipment during the extended period and for costs incurred towards interest payments on debt during the extended construction period. The claims raised by Claimant amounts to Rs. 1,196.79 Crore. The matter is currently pending.

14. Moradabad Bareilly Expressway Limited has initiated arbitration proceedings against us in relation to the "augmentationof the Moradabad-Bareilly section of National Highway No. 24 (from km 148.000 to km 262.000) by four-laning". The claims relate to the compensation for loss of interest during construction, compensation for maintenance of existing lanes of the project highway, costs of underutilized resources of plant and machinery and loss of escalation and toll revenues. The claims raised by Claimant amount to Rs. 843.22 Crore. The matter is currently pending.

15. Trichy Thanjavur Expressways Limited has initiated arbitration proceedings against us in relation to the "design engineering, financing, construction, operation and maintenance of Thanjavur-Trichy Section from km 80.000 to km 135.750 of NH-67 in the State of Tamil Nadu". The claims relate to the compensation payable on account of losses due to prolongation of the project, change in scope, losses on account of shortfall in revenue and loss of business opportunity and profit. The claims raised by the Claimant amounts to Rs. 2990.67 Crore. The matter is currently pending.

16. Transstory Hoskote-Dobbaspet Tollways Private Limited has initiated arbitration proceedings against us in relation to the "Four Lanning of Hoskote-Dobbaspet section NH-207 from km 58+330 to km 138+320 in the state of Karnataka under NHDP Phase IV". The claims are made on account of (i)investment made, (ii) encashment of bank guarantees, (iii) underutilisation/idling of resources deployed in the shape of manpower, (iv) loss of profit and (v)loss of business opportunity. The claim raised by Claimant amounts to Rs. 1759.95 Crore. The matter is currently pending.

17. Ircon Soma Tollway Private Limited has initiated arbitration proceedings against us in relation to the "improvement, operation and maintenance, rehabilitation and strengthening of existing 2-lane road and widening to 4-lane divided highway from km 380.000 to km 265.000 of NH-3 (Pimpalgaon-Dhule Section) in the state of Maharashtra". The claims relate to delay in handing over of existing right of way, payment made during the course of the project of Central Railways to expedite construction of ROB near Dhule Railway Station, financial implication on the project cost due to non-maintenance of the existing road and late award of

the contract by NHAI and non-payment of outstanding O&M grants. The claim raised by Claimant amounts to Rs. 942.52 Crore. The said matter is currently pending.

18. Madurai-Tuticorin Expressways Limited has initiated arbitration proceedings against us in relation to the "Design, Engineering, Finance, Construction, Operation and Maintenance of Madurai-Tuticorn Section from km 138.800 to km 264.50 of NH-45B in the State of Tamil Nadu under NHDP Phase IIIA". The claims relate to compensation payable due to prolongation of the project, refund of liquidated damages, change of scope of work, loss of business opportunity, loss on account of shortfall in revenue from the project and amount payable on account of price escalation during the extended period of construction. The claim raised by Claimant amounts to Rs. 8199.31 Crore. The said matter is currently pending.

19. West Haryana Highway Project Private Limited has initiated arbitration proceedings against us in relation to the operation and maintenance of Delhi-Haryana Border to Rohtak section of NH-10 from Km 29.650 to Km 93.140 in the state of Haryana. The claims raised relates to interest due on additional promoters contribution infused in the project, interest and cost on land compensation, interest on additional expenses for transportation cost due to ban in local mining site, arrears of change of executed by the claimant and interest on existing road maintenance during the extended period. The claimant has raised a claim for Rs. 2144.75 Crore. We have also filed a counter claim for Rs 662.94 Crore. The matter is currently pending.

20. Pondicherry-Tindivanam Tollway Limited has initiated arbitration proceedings against us in relationto the design engineering, finance, construction, operation and maintenance of Pondicherry-tindivanamsection from km 0.000 to Km 37.920 at NH-66 in the state of Tamil Nadu. The claims relates to additional cost of overheads and establishment, additional cost towards expenses on insurance, compensation for loss of toll revenue during the prolongation period, additional expenses towards EPC Contractors/ Sub Contractors, change of scope works and approval for auxiliary toll plaza and the loss suffered due to delay in granting permission. The claimant has raised a claim for Rs. 486.01 Crore. The matter is currently pending.

21. Barsat Krishnaagar Expressways Limited has initiated arbitration proceedings against us in relation to the four laning of Barsat-Krishnagar Section of NH-34 from Km 31+000 to Km 115+000 in the state of West Bengal. The claims relate to loss due to expenses incurred on Cutting and Removal of trees, losses due to idling/ underutilisation of Manpower, compensation due to delay in handing over of site, and losses due to price escalation. The claimant has raised a claim for Rs. 2139.89 Crore.We have also filed counter claims against Claimant for recovery of repair and maintenance cost incurred on risk, delay damages for failure to achieve the milestone, interest on delayed payment and also litigation and arbitration costs. We have filed this counter claim for Rs 1055.73 Crore. The matter is currently pending.

22. Orissa Steel Expressway Private Limited has initiated arbitration proceedings against us in relation to the 4/2 laning of Rimuli-Roxy-Ramunda Section of Nh-215 from Km 163.00 to Km 26900 in the state of Orissa. The claims relate to costs of capital and finance costs, return of bank guarantee, costs incurred by the claimant, head office overhead expenditure and los of profit. The claimant has raised a claim for Rs. 945.49 Crore. We have also filed counter claims against Claimant for amount deposited towards CA/NPV along with interest, maintenance costs, reimbursement of remuneration paid to independent engineer and cost of fresh contract's entrusted to the new contractor. We have filed this counter claim for Rs 1434.15 Crore. The matter is currently pending.

23. Abhijeet Bihar Roadways Limited has initiated arbitration proceedings against us in relation to two laning with paved shoulder of Chhapra-Gopalganj section of NH-85 from Km 0.00 to Km 94.70 in the state of Bihar. The claims filed by the claimant for amount to Rs. 487.48 Crore and interest amount claimed upto May 31, 2014 to Rs. 29.44 Crore. We have also filed counter claims against Claimant for failure to comply with the maintenance obligation, account of administrative cost, account on general damages, account on loss of toll revenue

due to delay of about 04 years and on account of increase in project cost. We have filed this counter claim for Rs 1529.16 Crore. The matter is currently pending.

24. Suncon-Soma (JV) has initiated arbitration proceedings against us in relation to four lane National Highway Connectivity to ICCTT at Vallarpadam Cochin in Kerala (17.200 km). The claims filed by the claimant for compensation for additional expenditure incurred for transporting materials through extra distance to the construction sites due to non-handing over of land, payment of price variation/adjustment for utility shifting works, compensation of price variation/adjustment for utility shifting works, compensation payable consequent to prolongation of the contract and for costs of arbitration. The claimant has raised a claim for Rs.531.19 Crore. the matter is currently pending.

25. Soma Isolux NH One Tollway Private Limited has initiated arbitration proceedings against us in relation to six laning of Panipat-Jalandhar section of NH-1 (km96.00 to km 387.100) in the state of Haryana and Punjab. The claims filed by the claimant for delay in finalization of Toll Plaza and commencement of Toll Operations at approved locations, loss of fee revenue on account of defaults, extension of project completion schedule, change in scope and other claims. The claimant has raised a claim for Rs.5375.12 Crore.We have also filed counter claims against Claimant for Rs. 3419.68. The matter is currently pending.

26. L&T Chennai Tada Tollway Limited has initiated arbitration proceedings against us in relation to six laning of Chennai Tada section of NH-5 from Km 11.00 to Km 54.00. The claims filed by the claimant for cost felling of trees, cost incurred towards major bridge at Km 26.660 on the right hand side, reimbursement for the costs incurred in removing the unauthorized occupants from the project site, interest on account of delayed payment of liquidated damages and also delayed payment for the construction of a temporary major bridge at Km 26.656. The claimant has raised a claim for Rs. 583.67 Crore. The matter is currently pending.

2. CONSUMERS CASES

1. ***Sau Usha Jagdish Poddar v/s NHAI & IDBI Bank, Wardha Branch:*** We had announced NHAI Bond Series – XVII authorizing IDBI bank for collecting the form along with necessary amount that can be deposited in any branch, Sau Usha Jagdish Poddar filled an application along with the cheque no.001942 dated March 10, 2017 of People's Cooperative Bank Limited, for purchasing 19 Bonds each worth Rs 10,000 total amounting to Rs 1,90,000. Sau Usha Jagdish Podder has alleged that IDBI bank was not able to invest in the desired NHAI Bond Series The claim amounts to Rs. 1,20,000. The case is pending before District Consumer Disputes Redressal Forum Wardha.

2. ***Sarla Vaikunth Sonawala vs NHAI and others:*** Sarla Vaikunt Sonawala made an investment of Rs 10,20,000 in 102 Bonds each under three separate applications for allotment of NHAI 54EC Bonds for which three separate certificates were issued. However, the alleged dispute raised is only in respect of the Bonds in Question under Folio No. 1205283 i.e., 102 bonds, amounting to Rs 10,20,000. The claim under this case includes annual interest of Rs 61, 200, as well as final interest of Rs. 25,468 along with the amount of redemption of Rs 10,20,000. The case is pending before National Consumer Dispute Redressal Commission, New Delhi.

3. ***Harshit Kumar Goel vs NHAI:*** The application by Harsit Kumar Goel to purchase REC bonds was submitted on June 12, 2008 along with a cheque bearing no 371443 amounting to Rs 21,60,000 under the same date, encashed on June 14, 2008 and REC Capital Exemption Bond Certificate bearing no. 801085 for 216 bonds issued by REC. As per the proviso of Section 54 EC of Income Tax Act 1961, said bonds were to be purchased within six months from the date of sale i.e., by May 28, 2008, but the bond was purchased on June14, 2008 under distress circumstances due to non availability of the said bonds during the period from April1, 2008 till May 27, 2008 from REC and May 25, 2008 from NHAI. Neither NHAI nor REC issued capital gain exemption bonds under Section 54EC of Income Tax Act 1961 during the financial year 2006-07. CBDT issued an order no. F – No147/09/2009 dated June 30, 2006 under section 119(2) of IT Act 1961, on June 20, 2006 extending the time limitation for making the investment under Section 54 EC of the Income Tax Act 1961, Harshit Kumar Goel filed his Income Tax Return for the financial year 2008-09 on September 30, 2009, showing

his taxable income from business and profession as Rs 2, 62,150, entire capital gain being invested in the Capital Gain Bonds. Income Tax Office Ward 2, Noida issued notices under section 143(2) and under section 142(1) of the Income Tax Act 1961 to Harshit Kumar Goel. Income Tax Officer issued a notice of demand amounting to Rs 1,02,786 along with the interest under section 234 A, B and C. The claim amounts to Rs 4,23,786 along with interest of 24 per cent per annum. The case is pending before. Consumer Disputes Redressal Forum.

(vi) **Land acquisition cases against the Issuer**

Considering the business and purpose of the NHAI, it is imperative for NHAI to have an effective mechanism for the acquisition of land for building roads. Taking this need of NHAI into account, the parliament has enacted the NH Act, a special enactment which overrides the Land Acquisition Act, 1894 in cases where the land is acquired for the purposes of building National Highways. The Parliament has enacted the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 which is applicable to land acquisitions under NH Act with effect from January 1, 2015 (i.e. one year from the date of commencement of the Act, subject to notification by Central Government). The process of acquiring land is a very cumbersome process and it leads to a large number of disputes. At present there are approximately 15,000 land acquisition cases pending before various Courts/Tribunals/Competent Authorities for adjudication.

(vii) Litigations or legal actions, pending or taken, by any Ministry or Department of the Government or statutory authority

Nil

(viii) Others

Nil

MATERIAL DEVELOPMENTS

1. Financial statements of the Authority for Financial year 2017-18 are being audited and are yet to be tabled before the Parliament of India. In the given circumstances, since the financial statements of Authority are yet to be tabled in the Parliament, the same will not be available for disclosure in the Draft Shelf Prospectus. Authority vide its letter dated July 27, 2018 sought exemption in this respect from SEBI. SEBI vide its letter no. OW/DDHS/26407/2018 dated September 21, 2018 has allowed Authority to disclose audited financials of Financial Year 2016-17. Authority, will be disclosing the audited financals of financial year 2017-18 in relevant tranche prospectus as and when they are laid before the parliament. Also, in terms of the above letters Authority will be disclosing the limited review financials for financial year ending March 31, 2018.

2. Memorandum of Understanding entered between SBI and the NHAI dated August 3, 2018 for an unsecured loan of Rs. 25,000 crore.

3. Vide its meeting dated August 16, 2018 the Board of NHAI had approved the winding up of its 7 SPVs namely Cochin Port Road Company Limited, Tuticorin Port Road Company Limited, Paradip Port Road Company Limited, Vishakhapatnam Port Road Company Limited, New Mangalore Port Road Company Limited, Chennai Ennore Port Road Company Limited and Calcutta-Haldia Port Road Company Limited formed by it for the purposes of connectivity to major ports. Earlier, the decision of winding up off two road SPVs namely Moradabad Toll Road Company Limited and Ahmedabad Vadodara Expressway Co. Ltd. was taken by the Authority in previous years.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

At the meeting of the Members of the Board, held on February 15, 2018, the Members of the NHAI approved the issue of Bharatmala Bonds.

Further, Ministry of Finance vide its letter No. F.16 (4) -B(P&A)/2018 dated July 16, 2018 and MoRTH vide its letter numbering H-24036/45/2016-P&P(Pt.) dated August 20, 2018 have authorised Issuer to issue Bharatmala Bondsthrough Public Issue.

Consents

Consents in writing from the Members of the Board, the Compliance officer, the Lead Managers, the Registrar to the Issue, the Legal Advisor to the Issue, Independent Auditors of NHAI for the Issue, the Bankers to the Issuer, Credit Rating Agencies, Lead Brokers, and the Bond Trustee to act in their respective capacities, have/will been obtained.

Expert Opinion

Except the report dated September 25, 2018 on Financial Statements of NHAI and associate company, Limited Review Report for year ending March 31, 2018 and Statement of Tax Benefits dated September 25, 2018 issued by PSMG & Associates, Chartered Accountants, Independent auditor of NHAI, NHAI has not obtained any other expert opinion.

Minimum Subscription

In terms of SEBI Circular bearing reference no. CIR/IMD/DF/12/2014 datedJune 17, 2014, for an issuer undertaking a public issue of debt securities the minimumsubscription for public issue of debt securities shall be 75% of the Base Issue. If Issuer does not receive the minimum subscription of 75 % of the Base Issue, within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount shall be refunded to the Applicants within 12 days from the date of closure of the Issue. In the event, there is a delay, by Issuer Company in making the aforesaid refund within the prescribed time limit, Issuer will pay interest at the rate of 15% per annum for the delayed period. To the extent possible, where the required information for making such refunds is available with Issuer and/or Registrar, refunds will be made to the account prescribed. However, where our Issuer and/or Registrar does not have the necessary information for making such refunds, Issuer and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

No Reservation or Discount

There is no discount being offered in the Issue, to any category of Applicants.

Previous Public or Right Issues

The Issuer had made public issue of tax free secured redeemable non-convertible bonds of face value of Rs. 1,000.00 each in the nature of debentures having tax benefits under Section 10 (15)(iv)(h) of the Income Tax Act, 1961, as amended for an amount of Rs. 5,00,000.00 lakh with an option to retain oversubscription upto an aggregate amount of Rs. 10,00,000.00 lakh through a shelf prospectus dated December 13, 2011 and prospectus tranche I dated December 22, 2011. The opening date of the issue was December 28, 2011 and was scheduled to close for subscription on January 11, 2012, with NHAI having the discretion to close the Issue early by giving an advertisement on or prior to such early closing, in a leading national daily. The authorized bond committee of NHAI decided for an early closure of the subscription list of the Issue i.e. January 05, 2012. The tax free bonds under the issue were allotted on January 25, 2012. Dispatch of refunds pursuant to the issue of bonds was made on January 30, 2012 and trading at BSE and NSE commenced on February 8, 2012. Pursuant to the said public issue of tax free bonds, the Issuer had raised an amount aggregating to Rs. 10,00,000.00 lakh.

Proceeds from the said public issue has been utilized towards part financing of various projects being implemented by NHAI.

The Issuer had made public issue of tax free secured redeemable non-convertible bonds of face value of Rs. 1,000.00 each in the nature of debentures having tax benefits under Section 10 (15)(iv)(h) of the Income Tax Act, 1961, as amended for an amount of Rs. 3,69,840.00 lakh through a shelf prospectus dated January 9, 2014 and prospectus tranche I dated January 9, 2014. The opening date of the issue was January 15, 2014 and was scheduled to close for subscription on

February 5, 2014, with NHAI having the discretion to close the Issue early/extension by giving an advertisement on or prior to such early closing, in a leading national daily. The Authority exercised the option of early closure and bond committee vide its resolution dated January 24, 2014 decided to close the Issue on January 27, 2014. The tax free bonds under the issue were allotted on February 5, 2014. Dispatch of refunds pursuant to the issue of bonds was made on February 6, 2014 and trading at BSE and NSE commenced on February 10, 2014.

Proceeds from the said public issue has been utilized towards part financing of various projects being implemented by NHAI.

The Issuer had made public issue of tax free secured redeemable non-convertible bonds of face value of Rs. 1,000.00 each in the nature of debentures having tax benefits under Section 10 (15)(iv)(h) of the Income Tax Act, 1961, as amended for an amount of 16,80,000 lakh through a shelf prospectus dated December 11, 2015 and prospectus tranche I dated December 11, 2015. Further, prospectus for Tranche-II was filed on February 22, 2016. The opening date of the issue for Tranche-I was December 17, 2015 and was scheduled to close for subscription on December 31, 2015. Also, the opening date of the tranche II was February 24, 2016 and was scheduled to close for subscription on March 01, 2016. NHAI was having the discretion to close the Issue early by giving an advertisement on or prior to such early closing, in a leading national daily. The tax free bonds under the issue were allotted on January 11, 2016 for Tranche-I and on March 09, 2016 for Tranch-II. Dispatch of refunds pursuant to the issue of bonds was on January 11, 2016 for Tranche I and on March 09, 2016 for Tranche II and trading at BSE and NSE commenced on January 14, 2016 and March 11, 2016 for Tranche I and Tranche II respectively.

Proceeds from the said public issue has been utilized towards part financing of various projects being implemented by NHAI.

Change in Statutory Auditors of NHAI during the last three financial years

There is no change in the Statutory Auditors of NHAI during the last three financial years.

Enquiries, Inspections or Investigations

Other than as disclosed in the section titled "***Outstanding Litigations and Material Developments***" on page 124 of this Draft Shelf Prospectus, there are no litigation pending the Issuer or its SPVs.

Revaluation of assets

NHAI has not revalued its assets in the last five years.

Prohibition by SEBI/ Eligibility of NHAI to come out with the Issue

NHAI has not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

Utilization of Proceeds

The proceeds of the Issue will be utilised towards part financing of different projects of the Issuer including Bharatmala Pariyojana of Government of India, as well as other operational, administrative and financial purposes etc. Under the Bharatmala Pariyojana, Government plans to build 50 new national corridors and connect 550 district centres with National Highways. Around 24,800 kms will be taken up in Ph-I of Bharatmala Pariyojana, in addition to 10,000 kms of balance road works under NHDP, taking the total to 34,800 km at an estimated cost of Rs. 5,35,00,000 lakh. NHAI shall not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is part of the same group or who is under the same management and also not to its SPVs and associate company. For more information, refer to ***"Objects of the Issue"*** on page 52 of this Draft Shelf Prospectus.

Statement by the Members of the Board:

i) All monies received pursuant to each Tranche Issue of the Bonds to the public shall be transferred to a separate bank account maintained with a Scheduled Bank and shall not be utilizedfor any purpose other than

   a. for adjustment against allotment of securities where the securities have been permitted to be dealt with in the stock exchange or stock exchanges specified in the Draft Shelf Prospectus/Shelf Prospectus/ Tranche Prospectus(es).

b. the repayment of monies within the time specified by the Securities and Exchange Board, received from applicants in pursuance of the prospectus, where the Issuer is for any other reason unable to allot securities;

ii) Details of all monies utilized out of each Tranche Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies wereutilized; and

iii) Details of all unutilized monies out of each Tranche Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our Balance Sheet indicating securities or other forms of financial assets the form in which such utilized monies have been invested.

iv) The funds raised by us from previous bonds issues have been utilized for our business as stated in the respective offer documents.

v) That nothing in this Draft Shelf Prospectus is contrary to Securities Contract Regulation Act, 1956, Securities and Exchange Board of India Act, 1992 and rules and regulations made thereunder.

vi) That the allotment letters shall be issued, or application money shall be refunded within fifteen days from the closure of the issue or such lesser time as may be specified by SEBI or else the application money shall be refunded to the applicants forthwith, failing which the interest shall be due to be paid to the applicants at the rate of fifteen percent per annum for the delayed period.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKERS; EDELWEISS FINANCIAL SERVICES LIMITED, A. K. CAPITAL SERVICES LIMITED, AXIS BANK LIMITED, SBI CAPITAL MARKETS LIMITED AND TRUST INVESTMENT ADVISORS PRIVATE LIMITED HAVECERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS EDELWEISS FINANCIAL SERVICES LIMITED, A.K. CAPITAL SERVICES LIMITED, AXIS BANK LIMITED, SBI CAPITAL MARKETS LIMITED AND TRUST INVESTMENT ADVISORS PRIVATE LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [•] WHICH READS AS FOLLOWS:

[•]

DISCLAIMER CLAUSE OF BSE

[•]

DISCLAIMER CLAUSE OF NSE

[•]

Jurisdiction

Exclusive jurisdiction for the purpose of Issue is with the competent court of New Delhi, India.

Track record of past public issues handled by the Lead Managers

The details of the track record of the Lead Managers to the Issue, as required by SEBI circular number CIR/ MIRSD/1/2012 dated January 10, 2012, has been disclosed on the respective websites of the Lead Managers to the Issue.

Listing

Each Series of Bonds will be listed on BSE and NSE as specified in the Tranche Prospectus. For the Issue, NHAI shall obtain in-principle approvals for listing of Bonds from BSE and NSE in accordance with SEBI Debt Regulation.

If the permissions for listing and dealing in and for an official quotation of the Series of Bonds under a Tranche Issue are not granted by the Stock Exchange(s), NHAI shall forthwith repay, without interest, all such moneys received from the Applicants in pursuance of the relevant Tranche Prospectus. If such money is not repaid within specified period as per relevant law, then NHAI and every Member/officer who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money with interest as per the applicable laws.

NHAI shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange(s) mentioned above are taken within six Working Days from the Issue Closing Date.

Dividend

No dividends are paid by NHAI.

Mechanism for redressal of investor grievances

Karvy Computershare Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints. All grievances relating to the Issue should be addressed to the Registrar to the Issue and/or the Compliance Officer giving full details of the applicant, number of Bonds applied for, amount paid on application and the bank branch where the application was submitted etc.

Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details including the full name of the sole/first Applicant, Application Form number, Applicant's Depository Participant ID ("**DP ID**"), Client ID and PAN, number of Bonds applied for, date of the Application Form, name and address of the Member of the Syndicate or Trading Members of the Stock Exchanges or Designated Branch of the SCSB, as the case may be, where the Application was submitted, and cheque/draft number and issuing bank, or, with respect to ASBA Applications, the ASBA Account number in which an amount equivalent to the Application Amount was blocked. Applicants may contact our Compliance Officer and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non receipt of Allotment Advice, refundsor refund or credit of Bonds in the respective beneficiary accounts, as the case may be. Grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB.

SECTION VI – ISSUE RELATED INFORMATION
TERMS OF THE ISSUE

The Bonds being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, NHAI Act, the terms of this Draft Shelf Prospectus, Shelf Prospectus, the Tranche Prospectuses, the Application Form, the terms and conditions of the Bond Trustee Agreement and the Bond Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the GoI /BSE/NSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the Bonds.

1) Authority for the Issue

The Board of Members of the Issuer has approved the issue of Bonds in its meeting held on February 15, 2018. Ministry of Finance vide its letter dated July 16, 2018 and MoRTH vide its letter dated August 20, 2018 has authorised the present issue of Bharatmala Bonds.

2) Issue and Status of Bonds

2.1. Public Issue of taxable, secured redeemable non convertible Bonds in the nature of debentures upto Rs. 10,000 crore.

2.2. The Bonds are secured pursuant to a Bond Trust Deed and underlying security documents. The Bondholders are entitled to the benefit of the Bond Trust Deed and are bound by and are deemed to have notice of all the provisions of the Bond Trust Deed. The Issuer is issuing the Bonds in accordance with the Ministry of Finance's letter dated July 16, 2018 and letter dated August 20, 2018 from MoRTH.

2.3. The securities are issued in the form of taxable, secured, redeemable, non-convertible bonds in the nature of debenture. The Bonds shall rank paripassu inter-se, and shall be secured by way of first paripassu charge on the fixed assets of NHAI, as mentioned in the Bond Trust Deed to the extent of atleast 100% of the amounts outstanding and interest accrued thereon in respect of the Bonds at any time. The mode of creation of security requires prior approval and authorization from the Government of India. The Issuer has received the no-objection certificate from the Government of India in respect thereof. The claims of the Bondholders shall be superior to the claims of any unsecured creditors and subject to applicable statutory and/or regulatory requirements. Further, the claims of the Bondholders shall rank paripassu inter se to the claims of other secured creditors of NHAI having the same security.

3. **Form, Face Value, Title and Listing etc**

3.1.1. **Form of Allotment**

The Allotment of the Bonds shall be in dematerialized form only. The Issuer has made depository arrangements with CDSL and NSDL for the issuance of the Bonds in dematerialized form, pursuant to the tripartite agreement dated November 22, 2013 among the Issuer, CDSL and the Registrar to the Issue and the tripartite agreement dated November 25, 2013 among the Issuer, NSDL and the Registrar to the Issue (collectively, "Tripartite Agreements").

The Issuer shall take necessary steps to credit the Depository Participant account of the Applicants with the number of Bonds allotted in dematerialized form. The Bondholders holding the Bonds in dematerialised form shall deal with the Bonds in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

3.1.2. The Bondholders may rematerialize the Bonds issued in dematerialized form, at any time after Allotment, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

3.1.3. In case of rematerialisation of Bonds Allotted in dematerialized form, the Issuer/Registrar will issue one certificate for each Series of the Bonds to the Bondholder for the aggregate amount of the Bonds that are held by such Bondholder (each such certificate, a "**Consolidated Bond Certificate**"). In respect of the Consolidated Bond Certificate(s), the Issuer will, on receipt of a request from the Bondholder within 30 days of such request, split such Consolidated Bond Certificate(s) into smaller denominations in accordance with the applicable regulations/rules/act, subject to a minimum denomination of one Bond.

No fees will be charged for splitting any Consolidated Bond Certificate(s) and any stamp duty, if payable, will be paid by the Bondholder. The request to split a Consolidated Bond Certificate shall be accompanied by the original Consolidated Bond Certificate(s) which will, on issuance of the split Consolidated Bond Certificate(s), be cancelled by the Issuer/ Registrar.

3.1.4. **Manner of allotment**

3.1.4.1 Allotment of the Bonds will be in dematerialisedform only. In terms of Bonds issued in dematerialised form, the Issuer will take requisite steps to credit the demat accounts of all Bondholders who have applied for the Bonds in dematerialised form within 2 days from allotment.

3.2. **Face Value**

The face value of each Bond is Rs. 1,000.00.

3.3. **Title**

3.3.1 In case of:

i) Bonds held in the dematerialized form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and

ii) Bonds held in physical form (pursuant to rematerialisation), if applicable, the person for the time being appearing in the Register of Bondholders as Bondholder,

shall be treated as Bondholders for all purposes by the Issuer, the Bond Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated Bond Certificate issued in respect of the Bonds and no person will be liable for so treating the Bondholder.

3.3.2 No transfer of title of a Bond will be valid unless and until entered on the Register of Bondholders or the register of beneficial owners, maintained by the Depositories and/or the Issuer or the Registrar to the Issue prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Bondholders maintained by the Depositories and/or the Issuer and/or the Registrar to the Issue, as the case may be. In such cases, claims, if any, by the purchasers of the Bonds will need to be settled with the seller of the Bonds and not with the Issuer or the Registrar to the Issue.

3.4. **Listing**

The Bonds will be listed on BSE and NSE. BSE and NSE have given their in-principle listing approval by its letters no. [•] and [•] dated [•] and [•] respectively. The Designated Stock Exchange for the Issue is BSE.

If the permission to list and trade the Bonds is not granted by NSE and/or BSE, the Issuer shall forthwith repay, without interest, all such moneys received from the Applicant in pursuance of the relevant Tranche Prospectus.

The Issuer shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE will be taken within 6 Working Days from the Issue Closing Date.

3.5. **Market Lot**

3.5.1. The Bonds shall be allotted in dematerialized form. Further, as per the SEBI Debt Regulations, the trading of the Bonds shall be in dematerialised form only. Since, the trading of Bonds is in dematerialize form, tradable lot is one Bond ("**Market Lot**"). For details of Allotment, please refer "***Issue Related Information – Issue Structure***" beginning on page 147 of this Draft Shelf Prospectus.

3.6. **Procedure for Rematerialisation of Bonds**

Bondholders who wish to hold the Bonds in physical form, after having opted for Allotment in dematerialised form may do so by submitting a request to their Depository Participant, in accordance with the applicable procedure stipulated by the Depository Participant.

4. **Transfer of the Bonds, Issue of Consolidated Bond Certificates etc.**

4.1. **Register of Bondholders**

The Issuer/Registrar shall maintain as permitted under the applicable law a Register of Bondholders containing such particulars of the legal owners of the Bonds. Further, the register of beneficial owners maintained by Depositories for any Bond in dematerialized form under Section 11 of the Depositories Act shall also be deemed to be a Register of Bondholders for this purpose.

4.2. **Transfers**

4.2.1 ***Transfer of Bonds held in dematerialized form:***

In respect of Bonds held in the dematerialized form, transfers of the Bonds may be affected, only through the Depositories where such Bonds are held, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time. The Bondholder shall give delivery instructions containing details of the prospective purchaser's Depository Participant's account to his Depository Participant. If a prospective purchaser does not have a Depository Participant account, the Bondholder may rematerialize his or her Bonds and transfer them in a manner as specified in 4.2.2 below.

4.2.2 ***Transfer of Bonds in physical form (pursuant to rematerialisation):***

Subject to being permissible under applicable law, the Bonds may be transferred by way of a duly executed transfer deed or other suitable instrument of transfer as may be prescribed by the Issuer for the registration of transfer of Bonds. Purchasers of Bonds are advised to send the Consolidated Bond Certificate to the Issuer or to such persons as may be notified by the Issuer from time to time. If a purchaser of the Bonds in physical form intends to hold the Bonds in dematerialized form, the Bonds may be dematerialized by the purchaser through his or her Depository Participant in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

The Issuer will register the transfer of Bonds, provided the Bond Certificate with the details of name, address, occupation, if any, and signature of the transferee on the reverse of the Bond Certificate is delivered to the address of the Registrar mentioned herein, by registered post or by hand delivery. The Issuer shall on being satisfied and subject to the provisions of the charter documents register the transfer of such Bonds in its books.

The buyer(s) should ensure that the transfer formalities are completed prior to the Record Date, failing which the interest and/or Maturity Amount for the Bonds shall be paid to the person whose name appears in the register of Bondholders maintained by the Depositories. In such cases, any claims shall be settled inter se between the parties and no claim or action shall be brought against the Issuer or the Lead Managers or the Registrar to the Issue.

4.3. **Formalities Free of Charge**

Registration of a transfer of Bonds and issuance of new Consolidated Bond Certificates will be effected without charge by or on behalf of the Issuer, but on payment (or the giving of such indemnity as the Issuer may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and the Issuer being satisfied that the requirements concerning transfers of Bonds, have been complied with.

5. **Application Amount**

The Bonds are being issued at par and full amount of face value per Bond is payable on application. In case of ASBA Applicants, the full amount of face value of Bonds applied for will be blocked in the relevant ASBA Account maintained with the SCSB. Eligible Applicants can apply for any amount of the Bonds subject to a minimum application size as specified in the relevant Tranche Prospectus for each Tranche Issue, across any of the Series of Bonds or a combination thereof. The Applicants will be allotted the Bonds in accordance with the Basis of Allotment finalized by the Board of Members/Bond Committee.

6. **Deemed Date of Allotment**

Deemed Date of Allotment shall be the date, on or after the date on which instructions are given for transfer of funds blocked by SCSBs in ASBA accounts to the Public Issue Account on which the Members of the Board of the Issuer or Bond Committee thereof approves the Allotment of the Bonds for each Tranche Issue or such date as may be determined by the Members of NHAI or Bond Committee thereof and notified to the Stock Exchange(s). All benefits relating to the Bonds including interest on Bonds (as specified for each Tranche Issue by way of Tranche Prospectus) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.

7. **Subscription**

7.1 Period of Subscription

The Issue shall remain open for the period mentioned below:

Issue Opens on*	As specified in the Tranche Prospectus
Issue Closes on*	As specified in the Tranche Prospectus

Applications shall be accepted only between 10.00 A.M. and 5.00 P.M. (Indian Standard Time), or such extended time as may be permitted by the Stock Exchanges during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the centres of the Designated Intermediaries. On the Issue Closing Date, Applications shall be accepted only between 10.00 A.M. and 3.00 P.M. and shall be uploaded until 5.00 P.M. or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the electronic application system of the Stock Exchanges would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, in any case, no later than 3.00 P.M. on the Issue Closing Date. All times mentioned in this Draft Shelf Prospectus is Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, some Application Forms may not be uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither the Issuer nor the Lead Managers, Lead Brokers or Trading Members of the Stock Exchanges is liable for any failure in uploading the Applications due to failure in any software/hardware system or otherwise.

* *The Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M. during the period indicated above, with an option for early closure or extension as may be decided by the Board of Members or the Bond Committee. In the event of such early closure or extension of the subscription period of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before the date of such early date of closure or the Issue Closing Date, as the case may be, through advertisement/s in at least one leading national daily newspaper.*

7.2 **Underwriting**

The Issue may or may not be underwritten as may be disclosed in the relevant Tranche Prospectus.

7.3 **Minimum Subscription**

In terms of SEBI Circular bearing reference no. CIR/IMD/DF/12/2014 dated June 17, 2014, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If Issuer does not receive the minimum subscription of 75 % of the Base Issue, and any rules thereto, the entire subscription amount shall be refunded to the Applicants within 12 days from the date of closure of the Issue. In the event, there is a delay, by the Issuerin making the aforesaid refund within the prescribed time limit, Issuer will pay interest at the rate of 15% per annum for the delayed period.

7.4 **Arrangers**

There are no arrangers for this Issue. However, the lead brokers shall be appointed for the Issue.

8. **Interest**

8.1. **Interest**

As specified in the relevant Tranche Prospectus.

8.2. **Day Count Convention**

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF/18/2013 dated October 29, 2013 and the SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Cash Flow Series

To be mentioned in relevant tranche prospectus.

9. **Redemption**

9.1 The face value of the Bonds will be redeemed at par, on the respective Maturity Dates of each of the Bond Series as set out in the relevant Tranche Prospectus.

If the due date for redemption, also being the last due date for payment of Coupon/ Interest on the Bonds falls on a day that is not a Working Day, the Maturity/Redemption amount shall be paid on the immediately preceding Working Day along with coupon/ interest accrued on the Bonds until but excluding the date of such payment.

9.2 **Procedure for Redemption by Bondholders**

The procedure for redemption is set out below:

9.2.1 ***Bonds held in electronic form:***

No action is required on the part of Bondholders at the time of maturity of the Bonds. On the Maturity Date, Maturity Amounts would be paid by cheque /pay order / electronic mode to those Bond holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Maturity Date fixed for the purpose of payment of Maturity Amounts. These NCDs may be simultaneously extinguished to the extent of the Maturity Amounts paid through appropriate debit corporate action upon payment of the corresponding Maturity Amounts of the Bonds. It may be noted that in the entire process mentioned above, no action is required on the part of Debenture holders.

Our liability to the Bond holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the Maturity Date in all events and when we dispatch the Maturity Amounts to the Bond holder(s). Further we will not be liable to pay any interest, income or compensation of any kind from the date of payment of Maturity Amounts of the Bond(s)

9.2.2 ***Bonds held in physical form (pursuant to rematerialisation):***

No action will ordinarily be required on the part of the Bondholder at the time of redemption, and the Maturity Amount will be paid to those Bondholders whose names appear in the Register of Bondholders maintained by the Issuer/Registrar to the Issue or the Depositories on the Record Date fixed for the purpose of redemption without there being a requirement for the surrender of the physical Consolidated Bond Certificate(s). However, the Issuer may require the Consolidated Bond Certificate(s), duly discharged by the sole holder or all the joint-holders (signed on the reverse of the Consolidated Bond Certificate(s) to be surrendered for redemption on Maturity Date and sent by the Bondholders by registered post with acknowledgment due or by hand delivery to the Registrar to the Issue or the Issuer or to such persons at such addresses as may be notified by the Issuer from time to time. Bondholders may be requested to surrender the Consolidated Bond Certificate(s) in the manner stated above, not more than three months and not less than one month prior to the Maturity Date so as to facilitate timely payment. The Issuer shall stand discharged of any liabilities arising out of any fraudulent transfer of the Bonds or non-registration of transfer of Bonds with the Issuer.

10. **Payments**

10.1 **Payment of Interest on Bonds**

Payment of interest on the Bonds will be made to those Bondholders whose name appears first in the Register of Bondholders maintained by the Depositories and/or the Issuer and/or the Registrar to the Issue, as the case may be as, on the Record Date. Whilst the Issuer will use the electronic mode for making payments, where facilities for electronic mode of payments are not available to the Bondholder or where the information provided by the Applicant is insufficient or incomplete, the Issuer proposes to use other modes of payment to make payments to the Bondholders, including through the dispatch of cheques through courier or registered post to the address provided by the Bondholder and appearing in the Register of Bondholders maintained by the Depositories and/or the Issuer and/or the Registrar to the Issue, as the case may be as, on the Record Date.

10.2 **Record Date**

The record date for the purpose of Coupon/ Interest Payment or the Maturity/Redemption Amount shall be 15 days prior to the date on which such amount is due and payable to the holders of the Bonds. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the record date and the date of redemption. In the event the Record Date falls on a Sunday or holiday of Depositiries, the succeeding working day or a date notified by the issuer to the stock exchanges shall be considered as Record Date.

10.3 **Effect of holidays on payments***

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or reenactmentthereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

*** *INVESTORS SHOULD REFER TO THE RELEVANT TRANCHE PROSPECTUS FOR THE ILLUSTRAION PERTAINING TO THE EFFECT OF HOLIDAYS ON PAYMENTS AND CASH FLOW STATEMENT.***

10.4. Whilst the Issuer will use the electronic mode for making payments, where facilities for electronic mode of payments are not available to the Bondholder or where the information provided by the Applicant is insufficient or incomplete, the Issuer proposes to use other modes of payment to make payments to the Bondholders, including through the dispatch of cheques through courier, or registered post to the address provided by the Bondholder and appearing in the Register of Bondholders maintained by the Depositories and/or the Issuer and/or the Registrar to the Issue, as the case may be as, on the Record Date. In the case of payment on maturity being made on surrender of the Consolidated Bond Certificate(s), the Issuer will make payments or issue payment instructions to the Bondholders within 30 days from the date of receipt of the duly discharged Consolidated Bond Certificate(s). The Issuer shall pay interest at [•] % p.a., over and above the coupon rate of the relevant Bonds, in the event that such payments are delayed beyond a period of eight days after the Issuer becomes liable to pay such amounts (expect if such delays are on account of delay in postal channels of the country).

10.5 Issuer's liability to the Bondholders including for payment or otherwise shall stand extinguished from the Maturity Date or on dispatch of the amounts paid by way of principal and/or interest to the Bondholders. Further, the Issuer will not be liable to pay any interest, income or compensation of any kind accruing subsequent to the Maturity Date.

11. **Manner and Mode of Payment**

11.1 **Manner of Payment:**

All payments to be made by the Issuer to the Bondholders shall be made in any of the following manners:

11.1.1 ***For Bonds applied or held in electronic form:***

The bank details will be obtained from the Depositories for payments. Investors who have applied or who are holding the Bond in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of the payments to investors at their sole risk and neither the Lead Managers nor the Issuer shall have any responsibility and undertake any liability for such delays on part of the investors.

11.1.2 ***For Bonds held in physical form (pursuant to rematerialisation)***

The bank details will be obtained by the Registrar to the Issue from the Application Form or cancelled cheque copy attached for effecting payments.

11.2 **Modes of Payment**

The manner of payment of interest / refund / redemption in connection with the Bonds is set out below:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants who are holding the Bonds in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Neither the Lead Managers our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability arising from such details not being up to date.

The Registrar to the Issue will issue requisite instructions to the relevant SCSBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to unblocked for the Applicants

The mode of interest/refund/redemption payments shall be undertaken in the following order of preference:

11.2.1 ***Direct Credit***

Applicants having bank accounts with the Refund Bank, as per the demographic details received from the Depositories shall be eligible to receive refunds through direct credit.

11.2.2 ***NECS***

Through NECS for Applicants having an account at any of the centers notified by the RBI. This mode of payment will be subject to availability of complete bank account details including the Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf, from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).

The Issuer shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Maturity Amount so long as the Issuer has initiated the process in time.

11.2.3 ***Real Time Gross Settlement ("RTGS")***

Applicants having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose payment amount exceeds Rs. 2.00 lakh shall be eligible to receive refund through RTGS, provided the demographic details downloaded from the Depositories contain the nine digit MICR code of the Applicant's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("**IFSC**"). Charges, if any, levied by the Refund Bank for the same would be borne by us. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.

11.2.4 ***National Electronic Fund Transfer ("NEFT")***

Payment of refund shall be undertaken through NEFT wherever the Applicants' bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Applicants have registered their MICR number and their bank account number while opening and operating the beneficiary account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment will be made to the Applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrar to the Issue. In the event NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed in this section.

11.2.5 ***Cheques or Demand drafts***

In case the payment through above modes is not successful the payment shall be made by cheques or demand drafts made in the name of the Bondholders whose names appear in the Register of Bondholders as maintained by the Registrar to the Issue and/or the Issuer and/or as provided by the Depositories. All Cheques or demand drafts as the case may be, shall be sent by registered/speed post at the Bondholder's sole risk.

11.3 **Printing of Bank Particulars**

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be provided for printing on the orders/warrants. Applications without these details are liable to be rejected. However, in relation to Applications for dematerialised Bonds, these particulars will be taken directly from the Depositories. In case of Bonds held in physical form either on account of rematerialisation or transfer, the Bondholders are advised to submit their bank account details with the Registrar to the Issue before the Record Date, failing which the amounts will be dispatched to the postal address of the Bondholders. Bank account particulars will be printed on the orders/warrants which can then be deposited only in the account specified.

12. **Taxation**

The Bonds are taxable in nature and the interest on the Bonds will form part of the total income. For further details, please refer to chapter ***"Statement of Tax Benefits"*** on page 55 of this Draft Shelf Prospectus.

13. **Security**

The Bonds shall rank *pari passu inter-se*, and shall be secured by way of first paripassu charge on the fixed assets of NHAI, as mentioned in the Bond Trust Deed to the extent of atleast 100% of the amounts outstanding and interest accrued thereon in respect of the Bonds at any time. The mode of creation of security requires prior approval and authorization from the Government of India. The Issuer has received the no-objection certificate from the Government of India and has also received requisite permissions from the earlier creditorsin thisrespect.

14**.** **Events of Default**

14.1 The Bond Trustee at its discretion may, or if so requested in writing by the holders of not less than 75% in principal amount of the Bonds then outstanding or if so directed by a Special Resolution shall (subject to being indemnified and/or secured by the Bondholders to its satisfaction), give notice to the Issuer specifying that the Bonds and/or any particular Series of Bonds, in whole but not in part are and have become due and repayable at the early redemption amount on such date as may be specified in such notice *inter alia* if any of the events listed in 15.2 below occur.

14.2 The complete list of events of default shall be as specified in the Bond Trust Deed.

14.3 The early redemption amount payable on the occurrence of an Event of Default shall be as detailed in the Bond Trust Deed.

14.4 If an Event of Default occurs which is continuing, the Bond Trustee may with the consent of the Bondholders, obtained in accordance with the provisions of the Bond Trust Deed, and with a prior written notice to the Issuer, take action in terms of the Bond Trust Deed.

14.5 In case of default in the redemption of Bonds, in addition to the payment of interest and all other monies payable hereunder on the respective due dates, the Issuer shall also pay interest on the defaulted amounts.

15. **Bondholder's Rights, Nomination Etc.**

15.1 **Rights of Bondholders**

Some of the significant rights available to the Bondholders are as follows:

a) The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution passed at a meeting of the concerned Bondholders, provided that nothing in such consent or resolution shall be operative against the Issuer, where such consent or resolution modifies or varies the terms and conditions governing the Bonds, if modification, variation or abrogation is not acceptable to the Issuer.

b) The registered Bondholder or in case of joint-holders, the person whose name stands first in the Register of Bondholders shall be entitled to vote in respect of such Bonds, either by being present in person or, where proxies are permitted, by proxy, at any meeting of the concerned Bondholders summoned for such purpose and every such Bondholder shall be entitled to one vote on a show of hands and on a poll, his or her voting rights shall be in proportion to the outstanding nominal value of Bonds held by him or her on every resolution placed before such meeting of the Bondholders.

c) Bonds may be rolled over with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution passed at a meeting of the concerned Bondholders after providing at least 21 days prior notice for such roll-over and in accordance with the SEBI Debt Regulations. The Issuer shall redeem the Bonds of all the Bondholders, who have not given their positive consent to the roll-over.

   The above rights of Bondholders are merely indicative. The final rights of the Bondholders will be as per the terms of the Shelf Prospectus, respective Tranche Prospectus and Bond Trust Deed to be executed between the Issuer with the Bond Trustee.

   Special Resolution for the purpose of this section is a resolution passed at a meeting of Bondholders of at least three-fourths of the outstanding amount of the Bonds, present and voting.

15.2 **Succession**

Where Bonds are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the Bondholder(s) in accordance with the applicable laws. It will be sufficient for the Issuer to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death, provided that a third person may call on the Issuer to register his name as successor of the deceased Bondholder after obtaining evidence such as probate of a will for the purpose of proving his title to the Bonds. In the event of demise of the sole or first holder of the Bonds, the Issuer will recognize the executors or administrator of the deceased Bondholders, or the holder of the succession certificate or other legal representative as having title to the Bonds only if such executor or administrator obtains and produces probate of will or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The Members of Board of the Issuer in their absolute discretion may, in any case, dispense with production of probate of will or letter of administration or succession certificate or other legal representation.

15.3 **Nomination Facility to Bondholder**

15.3.1 The sole Bondholder or first Bondholder, along with other joint Bondholders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Bond. A person, being a nominee, becoming entitled to the Bond by reason of the death of the Bondholders, shall be entitled to the same rights to which he will be entitled if he was the registered holder of the Bond. Where the nominee is a minor, the Bondholders may make a nomination to appoint any person to become entitled to the Bond(s), in the event of his death, during the minority. A nomination shall stand rescinded on sale or transfer or alienation of a Bond by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Bond is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the Bondholders. Fresh nominations can be made only in the prescribed form available on request at Issuer's administrative office or at such other addresses as may be notified by the Issuer.

15.3.2 The Bondholders are advised to provide the specimen signature of the nominee to the Issuer to expedite the transmission of the Bond(s) to the nominee in the event of demise of the Bondholders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

15.3.3 Any person who becomes a nominee under any applicable laws shall on the production of such evidence as may be required by Issuer's Board, as the case may be, elect either:

(a) to register himself or herself as the holder of the Bonds; or

(b) to make such transfer of the Bonds, as the deceased holder could have made.

15.3.4 Notwithstanding anything stated above, Applicants who are allotted bonds in dematerialized form need not make a separate nomination with the Issuer. Nominations registered with the respective Depository Participant of the Bondholder will prevail. If the Bondholders require changing their nomination, they are requested to inform their respective Depository Participant.

15.3.4 Further, the Issuer's Board or the Bond Committee as the case may be, may at any time give notice requiring any nominee of the deceased holder to choose either to be registered himself or herself or to transfer the Bonds, and if the notice is not complied with, within a period of 90 days, the Issuer's Board or the Bond Committee, as the case may be, may thereafter withhold payment of all interests or other monies payable in respect of the Bonds, until the requirements of the notice have been complied with.

16. **Trustee**

16.1 The Issuer has appointed Vistra ITCL (India) Limited to act as the Bond Trustee for the Bondholders. The Issuer intends to enter into a Bond Trust Deed with the Bond Trustee, the terms of which will govern the appointment and functioning of the Bond Trustee and shall specify the powers, authorities and obligations of the Bond Trustee. Under the terms of the Bond Trust Deed, the Issuer will covenant with the Bond Trustee that it will pay the Bondholders the principal amount on the Bonds on the relevant Maturity Date and also that it will pay the interest due on Bonds on the rate specified under the respective Tranche Prospectus under which allotment has been made.

16.2 The Bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Bond Trustee or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Bond Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by the Issuer to the Bond Trustee on behalf of the Bondholders shall discharge the Issuer *pro tanto* to the Bondholders. All the rights and remedies of the Bondholders shall vest in and shall be exercised by the Bond Trustee without reference to the Bondholders. No Bondholder shall be entitled to proceed directly against the Issuer unless the Bond Trustee, having become so bound to proceed, failed to do so.

16.3 The Bond Trustee will protect the interest of the Bondholders in the event of default by the Issuer in regard to timely payment of interest and repayment of principal and they will take necessary action at the Issuer's cost. Further, the Bond Trustee shall ensure that the assets of the Issuer are sufficient to discharge the principal amount at all time under this Issue.

17. **Miscellaneous**

17.1 **Loan against Bonds**

The Bonds can be pledged or hypothecated for obtaining loans in accordance with the lending policies of the lending institution.

17.2 **Lien**

The Issuer shall have the right of set-off and lien, present as well as future on the moneys due and payable to the Bondholder or deposits held in the account of the Bondholder, whether in single name or joint name, to the extent of all outstanding dues by the Bondholder to the Issuer.

17.3 **Lien on Pledge of Bonds**

Subject to applicable laws, the Issuer, at its discretion, may note a lien on pledge of Bonds if such pledge of Bond is accepted by any bank, institution or others for any loan provided to the Bondholder against pledge of such Bonds as part of the funding.

17.4 **Joint-holders**

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to applicable laws.

17.5 **Sharing of Information**

The Issuer may, at its option, use its own, as well as exchange, share or part with any financial or other information about the Bondholders available with the Issuer, its SPVs and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its SPVs and affiliates nor their agents shall be liable for use of the aforesaid information.

17.6 **Notices**

All notices to the Bondholders required to be given by the Issuer or the Bond Trustee shall be published in one national daily newspaper having wide circulation and/or, will be sent by post/courier to the registered Bondholders from time to time.

17.7 **Issue of Duplicate Consolidated Bond Certificate(s)**

If any Consolidated Bond Certificate is mutilated or defaced it may be replaced by the Issuer/Registrar against the surrender of such Consolidated Bond Certificates, provided that where the Consolidated Bond Certificates are mutilated or defaced, they will be replaced only if the certificate numbers and the distinctive numbers are legible.

If any Consolidated Bond Certificate is destroyed, stolen or lost then on production of proof thereof to the Issuer's and Registrar's satisfaction and on furnishing such indemnity/security and/or documents as we may deem adequate, duplicate Consolidated Bond Certificate(s) shall be issued.

The above requirement may be modified from time to time as per applicable law and practice.

18.8 **Future Borrowings**

The Issuer shall be entitled at any time in the future during the term of the Bonds or thereafter to borrow or raise loans or create encumbrances or avail of financial assistance in any form, and also to issue promissory notes or bonds or any other securities in any form, manner, ranking and denomination whatsoever and to any eligible persons whatsoever, subject to applicable consent, approvals or permission that may be required under any statutory/regulatory/contractual requirement and to change its capital structure, on such terms and conditions as the Issuer may deem appropriate, without requiring the consent of, or intimation to, the Bondholders or the Bond Trustee in this connection.

18.9 **Jurisdiction**

The Bonds, the Trust Deed, the Tripartite Agreement and other relevant documents shall be governed by and construed in accordance with the laws of India. For the purpose of this Issue and any matter related to or ancillary to the Issue the Courts of New Delhi, India shall have exclusive jurisdiction.

ISSUE STRUCTURE

As authorised by Board of the Members of the Issuer, the aggregate value of the issue of Bonds shall not exceed Rs.10,000 Crore. The Board of Members of the Issuer has approved the issue of Bonds under one or more tranches by its resolution dated February 15, 2018. The Issuer proposes to raise an amount of upto Rs.10,000 Crore through the issue of bonds under one or more tranches

The following are the key terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in "***Terms of the Issue***" on page 136 of this Draft Shelf Prospectus.

Members of the Board/Bond Committee shall decide the final Issue Structure at the time of relevant Tranche Prospectus in terms of CBDT Notification.

Common Terms of the Bonds

Issuer	National Highways Authority of India
Type of Instrument	Public Issue of Taxable Secured Redeemable Non Convertible Bonds of face value of Rs. 1000.00 each in the nature of Debentures.
Nature of Instrument	Taxable, secured, redeemable, non-convertible bonds in the nature of debentures.
Nature of Indebtedness/ Seniority	The claims of the Bondholders shall be superior to the claims of any unsecured creditors of NHAI and subject to applicable statutory and/or regulatory requirements. Further, the claims of the Bondholders shall rank paripassu inter se to the claims of other secured creditors of NHAI having the same security.
Mode of Issue	Public Issue.
Eligible Investors	**Category I** • Public Financial Institutions, Scheduled Commercial Banks, Indian multilateral and bilateral Development Financial Institutionswhich are authorised to invest in the Bonds; • Provident funds and PensionFunds with minimum corpus of Rs. 25.00 crore, superannuation Funds and gratuity Funds, which are authorised to invest in the Bonds; • Resident Venture Capital Funds / Alternative Investment Funds registered with SEBI; • Insurance companies registered with the IRDA; • State Industrial Development Corporations; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; • Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India; • Systemically Imortant Non-Banking Financial Companies, Non-Banking Financial Companies registered with the Reserve Bank of India and having a net worth of more than Rs. 50,000 lakh as per the last audited financial statements; and • Mutual Funds registered with SEBI. **Category II** • Companies within the meaning of section 2(20) of the Companies Act, 2013 • Statutory bodies/corporations/ societies registered under applicable laws in India and authorized to invest in the Bonds; • Cooperative banks and Regional Rural Banks; • Trusts including public/ private charitable/religious trusts which are authorized to invest in the Bonds; • Scientific and/or industrial research organisations, which are authorized to invest in the Bonds; • Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);

	• Partnership firms in the name of partners; • Association of persons; • Soceities Registered under applicable laws in India and authorized to invest in the Bonds; and • Any other legal entities incorporated in India or unincorporated body of persons authorised to invest in the Bonds. **Category III** The following investors applying for an amount aggregating to above Rs.10.00 lakh across all series in each Tranche Issue • Resident Indian individuals; and • Hindu Undivided Families through the Karta. **Category IV** The following investors applying for an amount aggregating upto and including Rs. 10.00 lakh across all series in each Tranche Issue • Resident Indian individuals; and • Hindu Undivided Families through the Karta.
Listing	The Bonds are proposed to be listed on BSE and NSE within 6 Working Days from the respective Tranche Issue Closing Date.
Put/Call	Not Applicable
Rating of the Instrument	The Bonds proposed to be issued under this Issue have been rated "IND AAA"; Outlook Stable by IRRPL vide their dated August 16, 2018, "CARE AAA"; Stable by CARE vide their letter dated August 10, 2018, "ICRA AAA" with Stable Outlook by ICRA vide their letter dated August 10, 2018 and "CRISIL AAA/Stable" by CRISIL vide their letter dated August 17, 2018.
Issue Size	As specified in the relevant Tranche Prospectus with aggregate issuance amount in all Tranche Prospectus taken together not exceeding the Shelf Limit.
Option to retain over subscription	As specified in the relevant Tranche Prospectus.
Objects of the Issue	Refer page 52 of this Draft Shelf Prospectus
Details of the utilization of the Proceeds	As specified in the ***"Objects of the Issue"*** on page 52 of this Draft Shelf Prospectus.
Step Up/Step Down Coupon Rate	As specified in the relevant Tranche Prospectus.
Day Count Basis	Actual / Actual. For further details please refer to "***Terms of the Issue***".
Default Interest Rate	As specified in the Bond Trust Deed to be executed between the NHAI and the Trustee for the Bondholders.
Issue Price	Rs. 1,000.00 for each bond.
Face Value	Rs. 1,000.00 for each bond.
Issue Opening Date	As mentioned in the relevant Tranche Prospectus.
Issue Closing Date	As mentioned in the relevant Tranche Prospectus.
Pay-in Date	Application Date (Full Application Amount is payable on Application which shall be blocked).
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Members of the Authority or Bond Committee thereof approves the Allotment of the Bonds for each Tranche Issue or such date as may be determined by the Members of the Board of the Issuer or Bond Committee thereof and notified to the Stock Exchange(s). All benefits relating to the Bonds including interest on Bonds (as specified for each Tranche Issue by way of Tranche Prospectus) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.

Trading mode of the Instrument	Compulsorily in dematerialized form
Issuance mode of the Instrument	Dematerialized form
Settlement mode of the Instrument	1. Direct credit 2. National Electronic Clearing System ("NECS") 3. Real Time Gross Settlement ("RTGS") 4. National Electronic Fund Transfer ("NEFT") 5. Cheques/Pay Order/ Demand Draft For further details in respect of the aforesaid modes, refer to section titled **"*Terms of the Issue – Mode of Payment*"** on page 141 of this Draft Shelf Prospectus.
Depositories	NSDL and CDSL
Working Day Convention	All days, excluding Sundays or a holiday of commercial banks or a public holiday in Delhi or Mumbai, except with reference to Issue Period and Record Date, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue Period, i.e. period beginning from Issue Closing Date to listing of the Bonds, Working Days shall mean all trading days of stock exchanges excluding Sundays and bank holidays in Mumbai. If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment
Record Date	The record date for the purpose of Coupon/ Interest Payment or the Maturity/ Redemption Amount shall be 15 days prior to the date on which such amount is due and payable to the holders of the Bonds. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the record date and the date of redemption. In the event the Record Date falls on a Sunday or holiday of Depositiries, the succeeding working day or a date notified by the issuer to the stock exchanges shall be considered as Record Date.
Security	The Bonds shall rank *pari passu* inter-se and shall be secured by way of first paripassu charge on the fixed assets of NHAI, as mentioned in the Bond Trust Deed to the extent of atleast 100% of the amounts outstanding and interest accrued due thereon in respect of the Bonds at any time. For further details please refer to the section titled ***"Terms of Issue- Security"*** on page 143 of this Draft Shelf Prospectus.
Transaction Documents	The Draft Shelf Prospectus, Shelf Prospectus, the Tranche Prospectus(es) read with any notices, corrigenda, addenda thereto, the Bond Trust Deed and other security documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by the Issuer with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Bond Trust Deed, the Bond Trustee Agreement, the Public Issue Account Agreement, the MoU with the Registrar and the MoU with the Lead Managers, NSDL Agreement, CDSL Agreement and the Lead Broker Agreement. Refer to section titled "***Material Contracts and Documents for Inspection***" on page 171 of this Draft Shelf Prospectus.
Conditions Precedent to Disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent to disbursement.
Condition Subsequent to Disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement.
Events of Default	Events of default *inter-alia* includes events such as non-payment of interest, principal, non-creation of security etc. Further, the Events of Default are provided in Bond Trust Deed to be executed between the Issuer and the Bond Trustee.
Provisions related to Cross Default Clause	As provided in Bond Trust Deed to be executed between the Issuer and the Bond Trustee.
Registrar	Karvy Computershare Private Limited.

Mode of Application Money	ASBA
Market Lot/Trading Lot	One Bond
Bond Trustee	Vistra ITCL (India) Limited
Role and Responsibilities of Debenture Trustee	The Bond Trustee for the Issue is Vistra ITCL (India) Limited. The role and responsibilities of the Bond Trustee are mentioned in the Bond Trustee Agreement.
Governing Law and Jurisdiction	The Governing law and jurisdictionfor the purpose of the Issue shall be IndianLaw, and the competent courts of jurisdiction in New Delhi, India respectively

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

The terms of each Series of Bonds are set out below:

Common Terms	**Series of Bonds Category I, II, III & IV**	
Coupon Rate (%) p.a.	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	As specified in the relevant Tranche Prospectus for a particular Series of Bonds
Annualized Yield (%)	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	As specified in the relevant Tranche Prospectus for a particular Series of Bonds
Tenor	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	As specified in the relevant Tranche Prospectus for a particular Series of Bonds
Redemption Date	At the end of [•] Years from the Deemed Date of Allotment	At the end of [•] Years from the Deemed Date of Allotment
Redemption Amount (Rs. / Bond)	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date	
Redemption Premium/ Discount	Not applicable	
Frequency of Interest Payment	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
Minimum Application Size and thereafter in multiple of	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
Face Value (Rs. / Bond)	Rs. 1,000.00	
Issue Price (Rs. / Bond)	Rs. 1,000.00	
Mode of Interest Payment	For various modes of interest payment, see *"**Terms of the Issue – Mode of Payment**"* on page 141 of this Draft Shelf Prospectus.	
Coupon Payment Date	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
Coupon Reset Process	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
Coupon Type	As specified in the relevant Tranche Prospectus for a particular Series of Bonds	
Discount at which Bonds are issued and effective yield as a result of such discount	Not applicable	
Option to retain over subscription	As specified in the relevant Tranche Prospectus	

Terms of Payment

The entire face value per Bond is payable on Application (except in case of ASBA Applicants). In case of ASBA Applicants, the entire amount of face value of Bonds applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of Bonds than applied for, the Issuer shall refund the amount paid on application to the Applicant, in accordance with the terms of the respective tranche prospectus.

ISSUE PROCEDURE

This section applies to all Applicants. Specific attention of all Applicants is invited to the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018, which provides, inter-alia, that for all public issues of debt securities opening on or after October 1, 2018, all Applicants shall mandatorily use the ASBA facility for participating in the Issue. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. ASBA Applicants ensure that their respective ASBA accounts can be blocked by the SCSBs, in the relevant ASBA Accounts.

ASBA Applicants should note that they may submit their ASBA Applications tothe Designated Intermediaries.

The Issuer and the Lead Managers would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Draft Shelf Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications does not exceed the investment limits or maximum number of Bonds that can be held by them under applicable law or as specified in this Draft Shelf Prospectus.

THE PROVISIONS CONTAINED IN THIS SECTION HAVE BEEN PREPARED ON THE BASIS OF CIRCULAR No. CIR/ IMD/DF-1/20/2012 DATED JULY 27, 2012 ISSUED BY SEBI ("DEBT APPLICATION CIRCULAR"). THE FOLLOWING ISSUE PROCEDURE IS SUBJECT TO THE RELEVANT STOCK EXCHANGE PUTTING IN PLACE THE NECESSARY SYSTEMS AND INFRASTRUCTURE REQUIRED IN RELATION TO SUBMISSION OF DIRECT ONLINE APPLICATIONS* THROUGH THE ONLINE PLATFORM AND ONLINE PAYMENT FACILITY TO BE OFFERED BY THE RELEVANT STOCK EXCHANGES AND ACCORDINGLY IS SUBJECT TO ANY FURTHER CLARIFICATIONS, NOTIFICATIONS, DIRECTIONS, INSTRUCTIONS AND/ OR CORRESPONDENCE THAT MAY BE ISSUED BY THE RELEVANT STOCK EXCHANGE AND/ OR SEBI. PLEASE NOTE THAT CLARIFICATIONS AND/OR CONFIRMATIONS REGARDING THE IMPLEMENTATION OF THE REQUISITE INFRASTRUCTURE AND FACILITIES IN RELATION TO DIRECT ONLINE APPLICATIONS AND ONLINE PAYMENT FACILITY HAVE BEEN SOUGHT FROM THE STOCK EXCHANGE AND THE STOCK EXCHANGE HAS CONFIRMED THAT THE NECESSARY INFRASTRUCTURE AND FACILITIES FOR THE SAME HAVE NOT BEEN IMPLEMENTED BY THE STOCK EXCHANGE. HENCE, THE DIRECT ONLINE APPLICATION FACILITY WILL NOT BE AVAILABLE FOR THIS ISSUE.

SPECIFIC ATTENTION IS DRAWN TO THE CIRCULAR (NO. CIR/IMD/DF/18/2013) DATED OCTOBER 29, 2013 ISSUED BY SEBI, WHICH AMENDS THE PROVISIONS OF THE DEBT APPLICATION CIRCULAR TO THE EXTENT THAT IT PROVIDES FOR ALLOTMENT IN PUBLIC ISSUES OF DEBT SECURITIES TO BE MADE ON THE BASIS OF THE DATE OF UPLOAD OF EACH APPLICATION INTO THE ELECTRONIC BOOK OF THE STOCK EXCHANGE, AS OPPOSED TO THE DATE AND TIME OF UPLOAD OF EACH SUCH APPLICATION.

PLEASE NOTE THAT ALL TRADING MEMBERS WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY STOCK EXCHANGE/(S) WILL NEED TO APPROACH STOCK EXCHANGE(S) AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY STOCK EXCHANGE(S).

The Members of the Syndicate and the Issuer shall not be responsible or liable for any errors or omissions on the part of Trading Members in connection with the responsibility of Trading Members in relation to collection and upload of Application Forms in respect of this Issue on the electronic application platform provided by Stock Exchanges. Further, Stock Exchanges will be responsible for addressing Investor grievances arising from Applications through Trading Members.

Availability of Prospectus and Application Forms

The copies of Shelf Prospectus, Abridged Prospectus containing the salient features of the relevant Tranche Prospectus (for a particular Tranche Issue) together with Application Forms may be obtained from our Head Office, Lead Managers to the Issue, Lead Brokers for marketing of the Issue, the Registrar to the Issueand the Designated Branches of the SCSBs. Additionally, the Shelf and Tranche Prospectus (for a particular Tranche Issue) and the Application Forms will be available for download on the websites of BSE at www.bseindia.com and NSE at www.nseindia.com. A unique application number ("UAN") will be generated for every Application Form downloaded from the websites of the Stock Exchange(s) i.e. BSE at www.bseindia.com and NSE at www.nseindia.com.

In addition, Application Forms would also be made available to all the recognised stock exchanges. Further, Application Forms will also be provided to Trading Members at their request.

We may provide Application Forms for being filled and downloaded at such websites as we may deem fit. The Issuer may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, online demat account portals may also provide the facility of submitting the Application Forms online to their account holders'.

Who can apply:

The following categories of persons are eligible to apply in the Issue:

Category I:

- Public Financial Institutions, Scheduled Commercial Banks, Indian multilateral and bilateral Development Financial Institutions, which are authorised to invest in the Bonds;
- Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore, SuperannuationFunds and GratuityFunds, which are authorised to invest in the Bonds;
- Resident Venture Capital Funds / Alternative Investment Funds registered with SEBI;
- Insurance companies registered with the IRDA;
- State Industrial Development Corporations;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India;
- Systemically Important Non-Banking Financial Companies, Non-Banking Financial Companies registered with the Reserve Bank of India and having a net worth of more than Rs. 50,000 lakh as per the last audited financial statements; and
- Mutual Funds registered with SEBI.

Category II:

- Companies within the meaning of section 2(20) of the Companies Act, 2013;
- Statutory bodies/corporations/ societiesregistered under applicable laws in India and authorized to invest in the Bonds;
- Cooperative banks and Regional Rural Banks;
- Trusts including public/ private charitable/religious trusts which are authorized to invest in the Bonds;
- Scientific and/or industrial research organisations, which are authorized to invest in the Bonds;
- Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);
- Partnership firms in the name of partners;
- Association of persons; and
- Any other legal entities incorporated in India or unincorporated body of persons authorised to invest in the Bonds.

Category III:

The following investors applying for an amount aggregating to above Rs. 10.00 lakh across all Series in each Tranche Issue

- Resident Indian individuals; and
- Hindu Undivided Families through the Karta.

Category IV:

The following investors applying for an amount aggregating upto and including Rs. 10.00 lakh across all Series in each Tranche Issue

- Resident Indian individuals; and
- Hindu Undivided Families through the Karta.

Note: Participation of any of the aforementioned persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

The information below is given for the benefit of the investors. The Issuer, the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Shelf Prospectus.

Methods of Application

An eligible Investor desirous of applying in the Issue can make Applications through ASBA process only.

Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by Investors to a public issue of their debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the Debt Application Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. In the event that the Stock Exchanges put in necessary systems, infrastructure and processes in place so as to enable the adoption of the Direct Online Application Mechanism prior to the Issue Opening Date, we shall offer eligible Investors desirous of applying in the Issue the option to make Applications through the Direct Online Application Mechanism.

If such systems, infrastructures or processes are put in place by the Stock Exchanges prior to the filing of the Shelf Prospectus or the respective Tranche Prospectus(es), the methods and procedure for relating to the Direct Online Application Mechanism shall be suitably updated in the Shelf Prospectus or the respective Tranche Prospectus(es), as the case may be. However, if such systems, infrastructures or processes are put in place by the Stock Exchanges after filing of the Shelf Prospectus and the respective Tranche Prospectus (es) but prior to the Issue Opening Date, the methods and procedure for relating to the Direct Online Application Mechanism shall be widely disseminated by us through a public notice in a national daily newspaper with wide circulation.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries.

Applications through the ASBA process

Applicants should submit the Application Form only at the centres of Designated Intermediaries i.e. to the respective Lead Broker, Designated Branches for SCSBs, Broker Centres for Registered Brokers at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at http://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

In case of ASBA Application in physical mode, the ASBA Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB. The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the bidding platform of the stock exchange(s). If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such ASBA Application and shall not upload such ASBA Application in the bidding platform of the stock exchange(s). If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the ASBA Application in the bidding platform of the stock exchange(s). The Designated Branch of the SCSBs shall stamp the Application Form.

The Issuer, its Members, affiliates, associates and their respective directors/members and officers, Lead Managers, Syndicate members, Trading members and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by SCSBs and Trading Members, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Trading Members in relation to the Issue should be made by Applicants directly to Stock Exchanges.

ASBA Applicants must note that:

(a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Members of the Syndicate or Trading Members of the stock exchange(s) at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the stock exchange(s) i.e at least one day prior to the Issue Opening Date. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the abridged Prospectus is made available on their websites.

(b) The Designated Branches of the SCSBs shall accept ASBA Applications directly from ASBA Applicants only during the Issue Period. The SCSB shall not accept any ASBA Applications directly from ASBA Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of the SCSBs at Specified Cities can accept ASBA Applications from the Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, please refer to ***"General Information"*** on page 41 of this Draft Shelf Prospectus.

(c) In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Members of the Syndicate or Trading Members of the stock exchange(s), as the case maybe, if not, the same shall be rejected. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs, if not, the same are liable to be rejected.

Applications cannot be made by:

a) Minors without a guardian name* (A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
b) Persons Resident Outside India, Foreign nationals (including Non-resident Indians, Foreign Institutional Investors and Qualified Foreign Investors) and other foreign entities;
c) Overseas Corporate Bodies;
d) Foreign Venture Capital Investors;
e) Persons ineligible to contract under applicable statutory/ regulatory requirements;
f) Any category of investor other than the Investors mentioned under Categories I, II, III and IV.

* *Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Applications by various Applicant Categories

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 ("SEBI Circular 2016"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards single issuer limit is 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval).

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorised signatories. Failing this, the Issuer reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Application by Commercial Banks, Co-operative Banks and Regional Rural Banks

Commercial Banks, Co-operative banks and Regional Rural Banks can apply in this public issue based upon their own investment limits and approvals. Applications made by for Allotment of the Bonds must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) certificate of registration/ incorporation (iii) a resolution of the board of directors of such Applicant authorising investments; and (iv) specimen signature of authorized persons of such Applicant. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The applications must be accompanied by certified copies of (i) Memorandum and Articles of Association; (ii) Power of Attorney; (iii) Resolution authorising investment and containing operating instructions; and (iv) Specimen signatures of authorised signatories. Failing this, the Issuer reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Failing this, the Issuer reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Further, any trusts applying for Bonds pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in bonds, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in bonds, and (c) applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Applications by Alternative Investments Funds

Applications made by an Alternative Investments Fund eligible to invest in accordance with the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012, must be accompanied by certified true copies of: (i) Charter document; (ii) the SEBI registration certificate of such Alternative Investment Fund; (iii) a resolution authorising the investment and containing operating instructions; and (iv) specimen signatures of authorised persons. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof. Alternative Investment Funds applying for Allotment of the Bonds shall at all times comply with the conditions for categories as per their SEBI registration certificate and the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012, as amended.

Applications by Public Financial Institutions authorized to invest in the Bonds

Applications by Public Financial Institutions must be accompanied by certified true copies of (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications made by companies and bodies corporate registered under applicable laws in India

Applications made by companies and bodies corporate must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form. Failing this, the Issuer reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

In case of Applications made pursuant to a power of attorney by Applicants from Category III and Category IV, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, the Issuer, in consultation with the Lead Manager, reserves the right to reject such Applications.

The Issuer, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that the Issuer and the Lead Managers may deem fit.

Applications by provident funds and pension funds which are authorized to invest in the Bonds

Applications by provident funds and pension funds which are authorised to invest in the Bonds, must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (iii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Funds

Application made by a National Investment Fund must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Application Size

As mentioned in the relevant Tranche Prospectus.

Applications for Allotment of Bonds in the dematerialised form

As per the provisions of the DepositoriesAct, the Bonds can be held in dematerialised form, i.e., they shall be fungible and be represented by a statement issued through electronic mode. In this context, the Tripartite Agreements have been executed between NHAI, the Registrar to the Issue and the respective Depositories (CDSL/NSDL) for offering depository option to the Bondholders, for issue and holding the Bonds in dematerialized form.

a) All Applicants can seek Allotment in dematerialized mode only Applications made for receiving Allotment in the dematerialized form without relevant details of his or her depository account are liable to be rejected.

b) An Applicant applying for the Bonds must have atleast one beneficiary account with either of the Depository Participants of either of the Depositories, prior to making the Application.

c) The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) in the Application Form.

d) Allotment to an Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of theApplicant.

e) Names in the Application Form should be identical to those appearing in the account details in the Depositories. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depositories.

f) If incomplete or incorrect details are given under the heading 'Applicant's Depository Account Details', in the Application Form, it is liable to berejected.

g) The Applicant is responsible for the correctness of his or her demographic details given in theApplication Form vis-à-vis those with his or her Depository Participant.

h) Bonds in electronic form can be traded only on the stock exchange having electronic connectivity with the Depositories. BSE and NSE, where the Bonds are proposed to be listed, has electronic connectivity with the Depositories.

i) The trading ofthe Bonds shall be in dematerialized form only.

Allottees will have the option to re-materialise the Bonds so Allotted as per the provisions of the Depositories Act.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a) With respect to Investments by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form.

(b) With respect to Investments by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Application Form.

(c) With respect to Investments made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issue.

PAYMENT INSTRUCTIONS

Payment mechanism for applicants

An Applicant shall specify details of the ASBA Account Number in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form. Upon receipt of an intimation from the Registrar to the Issue, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB within 6 (six) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the relevant Tranche Issue or until rejection of the Application, as the case may be.

Additional information for Applicants

1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.

2. No separate receipts will be issued for the money blocked on the submission of Application Form. However, the the Members of the Syndicate or the SCSB or the Trading Member, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Members of the Syndicate/ Trading Member or the relevant Designated Branch, they are liable to be rejected.

4. Application Forms submitted by Applicants shall be for allotment of Bonds only in dematerialized form.

Applicants are advised not to submit Application Forms to Public Issue Account Banks and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Pre-Issue Advertisement

The Issuer will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under the SEBI Debt Regulations. Material updates, if any, between the date of filing of the relevant Tranche Prospectus with the Stock Exchanges and the date of release of this statutory advertisement will be included in the statutory advertisement.

Instructions for completing the Application Form

(a) Applications must be made in the prescribed Application Form.

(b) Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the relevant Tranche Prospectus(es) and the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should note that the Members of the Syndicate, or the Trading Members, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Application Forms.

(c) Applications are required to be for a minimum of such Bonds and in multiples of such Bonds thereafter as specified in the relevant Tranche Prospectus(es).

(d) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

(e) Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

(f) Applicants must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchanges by SCSBs and the Designated Intermediaries the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the Bonds.

(g) ASBA Applicants utilising physical Application Forms must ensure that the Application Forms are completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the relevant Tranche Prospectus(es) and in the Application Form.

(h) If the ASBA Account holder is different from the ASBA Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.

(i) All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.

(j) Applications for all the Series of the Bonds may be made in a single Application Form only.

We shall allocate and Allot Bonds of Tranche [•] Series [•] maturity to all valid Applications, wherein the Applicants have not indicated their choice of the relevant Series of Bonds applied for.

Applicants' PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE BONDS IN DEMATERIALISED FORM SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM ARE EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM

SHOULD CONTAIN THE NAME AND PAN OF PERSON WHOSE NAME APPEARS FIRST IN THE DEPOSITORY ACCOUNT AND SIGNATURE OF ONLY THIS PERSON WOULD BE REQUIRED IN THE APPLICATION FORM. THIS APPLICANT WOULD BE DEEMED TO HAVE SIGNED ON BEHALF OF JOINT HOLDERS AND WOULD BE REQUIRED TO GIVE CONFIRMATION TO THIS EFFECT IN THE APPLICATION FORM.

On the basis of the DP ID, Client ID and PAN provided by them in the Application Form, the Registrar will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. These Demographic Details would be used for giving Allotment Advice and refunds to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Syndicate nor the Trading Members, nor the Registrar, nor the SCSBs, nor the Issuer shall have any responsibility and undertake any liability for the same.

Applicants applying for Allotment of the Bonds in dematerialized form may note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of Stock Exchanges by the Members of the Syndicate, the Trading Members or the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and the Issuer, and the Members of the Syndicate shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund stationery or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar except in relation to the Issue.

By signing the Application Form, Applicants applying for the Bonds in dematerialised form would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund stationery/ Allotment Advice would be mailed at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund stationery/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund stationery. Further, please note that any such delay shall be at such Applicants' sole risk and neither the Issuer, Registrar nor the Lead Managers shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Draft Shelf Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, the Issuer in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar that for the purpose of printing particulars on the refund stationery and mailing of the refund stationery/Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.

Electronic registration of Applications

(a) The Members of the Syndicate, SCSBs and Trading Members will register the Applications using the online facilities of Stock Exchanges. The Lead Managers, the Issuer, and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs and Trading Members, (ii) the Applications uploaded by the SCSBs and the Trading Members, (iii) the Applications accepted but not uploaded by the SCSBs or the Trading Members, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (v) with respect to ASBA Applications accepted and uploaded by Members of the Syndicate at the Syndicate ASBA Application Locations for which the Application Amounts are not blocked by the SCSBs.

(b) The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of the Members of the Syndicate, Trading Members and their authorised agents and the SCSBs during the Issue Period. On the Issue Closing Date, the Members of the Syndicate, Trading Members and the Designated Branches shall upload Applications till such time as may be permitted by Stock Exchanges. This information will be available with the Members of the Syndicate and Trading Members on a regular basis. Applicants are cautioned that a high inflow of Applications on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for Allotment. Applicants are therefore advised to submit their Applications well in advance of the closing time of acceptance of Applications on the Tranche Issue Closing Date.

(c) Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand for the Bonds, as available on the websites of Stock Exchanges, would be made available at the Application centres as provided in the Application Form during the Issue Period.

(d) At the time of registering each Application, the Members of the Syndicate, SCSBs and Trading Members, as the case may be, shall enter the details of the Applicant, such as the Application Form number, PAN (of the first Applicant, in case of more than one Applicant), Applicant category, DP ID, Client ID, number and Series(s) of Bonds applied, Application Amounts, , Bank code for the SCSB where the ASBA Account is maintained (for ASBA Applications), Bank account number (for ASBA Applications) and any other details that may be prescribed by the online uploading platform of the Stock Exchanges.

(e) A system generated TRS will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the TRS from the SCSBs, Members of the Syndicate or the Trading Members, as the case may be. The registration of the Applications by the SCSBs, Members of the Syndicate or Trading Members does not guarantee that the Bonds shall be allocated/ Allotted by the Issuer. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(f) The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Issuer, and/or the Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Issuer, the management or any scheme or project of the Issuer; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Shelf Prospectus; nor does it warrant that the Bonds will be listed or will continue to be listed on the Stock Exchanges.

(g) In case of apparent data entry error by either the Members of the Syndicate or the Trading Members, in entering the Application Form number in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Stock Exchanges.

(h) Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for Allotment. The Members of the Syndicate or the Trading Members shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Members of the Syndicate and the, Designated Intermediaries will be given up to one Working Day (till 01:00 PM)after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

General Instructions

Do's

- **Check if you are eligible to apply as per the terms of the relevant Shelf Prospectus, Tranche Prospectus(es), Abridged Prospectus and applicable law;**

- **Read all the instructions carefully and complete the Application Form;**

- Ensure that the details about Depository Participant and beneficiary account are correct and the beneficiary account is active;

- Applications are required to be in single or joint names (not more than three);

- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta;

- Ensure that Applications are submitted to the Members of the Syndicate,
- Trading Members or the Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date;

- Information provided by the Applicants in the Application Form will be uploaded on to the online platform of the Stock Exchange by Members of the Syndicate or the Trading Members, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Applicants should ensure that the details are correct and legible;

- Ensure that the Applicant's names (given in the Application Form is exactly the same as the names in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form;

- Ensure that you have funds equal to or more than the Application Amount in your ASBA Account before submitting the Application Form;

- Ensure that the Applicant's names given in the Application Form is exactly the same as the names in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form;

- Ensure that you have funds equal to or more than the Application Amount in your ASBA Account before submitting the Application Form for ASBA Applications;

- Ensure that you mention your PAN in the Application Form. In case of joint applicants, the PAN of all the Applicants should be mentioned, and for HUFs, PAN of the HUF should be provided. For minor applicants, applying through the guardian, it is mandatory to mention the PAN of the minor applicant. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;

  Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to the circular dated April 3, 2008 issued by SEBI) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same.

- Ensure that the Demographic Details (for Applications for the Bonds in dematerialised form) as provided in the Application Form are updated, true and correct in all respects;

- Ensure that you request for and receive a TRS for all your Applications and an acknowledgement as a proof of having been accepted;

- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of the Bonds;

- Before submitting the physical Application Form, ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that centre;

- For Applicants applying through Syndicate ASBA, ensure that your Application Form is submitted to the centres of the Designated Intermediaries and not to the Public Issue Account Banks or Refund Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;

- Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

- All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form; and

- Tick the Series of Bonds in the Application Form that you wish to apply for.

Don'ts

- Do not apply for lower than the minimum Application size;

- Do not pay the Application amount in cash, by money order, postal order, stock invest;

- Do not send the Application Forms by post; instead submit the same to the Members of the Syndicate and Trading Members or the SCSBs (as the case may be) only;

- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

- Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar;

- Do not fill up the Application Form such that the Bonds applied for exceeds the Issue size and/or investment limit or maximum number of Bonds that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

- Do not submit Applications on plain paper or on incomplete or illegible Application Forms;

- Do not submit an Application in case you are not eligible to acquire the Bonds under applicable law or your relevant constitutional documents or otherwise;

- Do not submit more than five Application Forms per ASBA Account;

- Do not submit the Application Forms without the Application Amount for number of Bonds applied for; and

- Do not make payment of the Application Amounts in any mode other than through blocking of the Application Amounts in the ASBA Accounts shall not be accepted under the ASBA process;

- Do not apply if you are not competent to contract under the Indian Contract Act, 1872 or if you are otherwise ineligible to acquire Bonds under applicable law or your relevant constitutional documents or otherwise.

- Do not make an application of the Bonds on multiple copies taken of a single form.

Applications shall be accepted only between 10.00 A.M. and 5.00 P.M. (Indian Standard Time), or such extended time as may be permitted by the Stock Exchanges during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the centres of the Designated Intermediaries. On the Issue Closing Date, Applications shall be accepted only between 10.00 A.M. and 3.00 P.M. and shall be uploaded until 5.00 P.M. or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the electronic application system of the Stock Exchanges would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 P.M. on the Issue Closing Date. All times mentioned in this Draft Shelf Prospectus are Indian Standard Times. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither the Issuer nor the Lead Managers, Lead Brokers or Trading Members are liable for any failure in uploading the Applications due to failure in any software/hardware system or otherwise.

Submission of Application Forms

For details in relation to the manner of submission of Application Forms, please see section titled ***"Issue Procedure – Methods of Application"*** on page 153 of this Draft Shelf Prospectus.

Consolidated list of documents required for various categories

For the sake of simplicity, we hereby provide the details of documents required to be submitted by various categories of Applicants (who have applied for Allotment of the Bonds in dematerialised form) while submitting the Application Form:

Type of Investors	Documents to be submitted with application form
Public Financial Institutions, commercial banks authorized to invest in the Bonds, companies within the meaning of Section 2(20) of the Companies Act, 2013 and bodies corporate registered under the applicable laws in India and authorized to invest in the Bonds; and State Industrial Development Corporations	The Application must be accompanied by certified true copies of: • Any Act/ Rules under which they are incorporated • Board Resolution authorizing investments • Specimen signature of authorized person
Insurance companies registered with the IRDA	The Application must be accompanied by certified copies of • Any Act/Rules under which they are incorporated • Registration documents (i.e. IRDA registration) • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Provident Funds, Pension Funds and National Investment Fund	The Application must be accompanied by certified true copies of: • Any Act/Rules under which they are incorporated • Board Resolution authorizing investments • Specimen signature of authorized person
Mutual Funds	The Application must be also accompanied by certified true copies of: • SEBI registration Certificate and trust deed (SEBI Registration) • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Applicants through a power of attorney under Category I	The Application must be also accompanied by certified true copies of: • A certified copy of the power of attorney or the relevant resolution or authority, as the case may be • A certified copy of the memorandum of association and articles of association and/or bye laws and/or charter documents, as applicable, must be lodged along with the Application Form. • Specimen signature of power of attorney holder/ authorized signatory as per the relevant resolution.
HUF through the Karta under Categories III and IV	The Application must be also accompanied by certified true copies of: • Self-attested copy of PAN card of HUF. • Bank details of HUF i.e. copy of passbook/bank statement/cancelled cheque indicating HUF status of the applicant. • Self-attested copy of proof of Address of karta, identity proof of karta.
Power of Attorney under Category II and Category III	The Application must be also accompanied by certified true

Type of Investors	Documents to be submitted with application form
	copies of: • A certified copy of the power of attorney has to be lodge with the Application Form.
Partnership firms in the name of the partners and limited Liability partnerships	The Application must be also accompanied by certified true copies of: • Partnership deed; • Any documents evidencing registration thereof under applicable statutory/regulatory requirements, if any; • Resolution authorizing investment and containing • operating instructions; and • Specimen signature of authorized person.

Other Instructions

A. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be assumed to have given confirmation to this effect in the Application Form.

B. Additional/Muliple Applications

An Applicant is allowed to make one or more Applications for the Bonds for the same or different Series of Bonds, subject to a minimum Application size of Rs. [•] and in multiples of Rs. [•] thereafter, for each Application. Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected. However, multiple Applications by the same Applicant belonging to Category IV aggregating to a value exceeding Rs. 10,00,000.00 shall be grouped in Category III, for the purpose of determining the basis of allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of an HUF and/or as joint Applicant (second or third applicant), shall not be deemed to be a multiple Application.

C. Depository Arrangements

We have made depository arrangements with NSDL and CDSL for issue and holding of the Bonds in dematerialised form. In this context:

(i) The tripartite agreement dated November 22, 2013 was entered amongst the Issuer, the Registrar and CDSL and the tripartite agreement dated November 25, 2013 was entered amongst the Issuer, the Registrar and NSDL, for offering depository option to the Applicants.

(ii) It may be noted that Bonds in electronic form can be traded only on stock exchanges having electronic connectivity with NSDL or CDSL. The Stock Exchanges has connectivity with NSDL and CDSL.

(iii) Interest or other benefits with respect to the Bonds held in dematerialised form would be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

(iv) The trading of the Bonds shall be in dematerialized form only.

For further information relating to Applications for Allotment of the Bonds in dematerialised form, see the sections titled "***Methods of Application***" and "***General Instructions***" on pages 153 and 160, respectively.

D. Communications

All future Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Compliance Officer as well as the contact persons of the Issuer/ Lead Managers or the Registrar in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of Allotment Advice/ credit of Bonds in depository's beneficiary account/ refund , etc., Please note that Applicants who have applied for the Bonds through Trading Members should contact the Stock Exchanges in case of any Post-Issue related problems, such as non-receipt of Allotment Advice/ credit of Bonds in depository's beneficiary account/ refund , etc.

Rejection of Applications

The Issuer reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- Applications not made through the ASBA facility;
- Number of Bonds applied for being less than the minimum Application size;
- Applications not being signed by the sole/joint Applicant(s);
- Applications submitted without payment of the Application Amount;
- Applications submitted without payment of the full Application Amount. However, in cases where the Application Amount paid, exceeds the number of Bonds applied for, the Applicant may be given allotment provided the number of Bonds applied for is greater than or equal to the minimum Application Size as specified in the relevant Tranche Prospectus;
- Investor Category in the Application Form not being ticked;
- Applications by persons not competent to contract under the Indian Contract Act, 1872 including a minor without the name of a guardian;
- In case of partnership firms, Application Form submitted in the name of the partnership firm;
- Applications by stock invest or accompanied by cash/money order/postal order;
- Applications made without mentioning the PAN of the Applicant;
- GIR number mentioned in the Application Form instead of PAN;
- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
- ASBA Applications submitted to the centres of the Designated Intermediaries to the Issuer or the Registrar to the Issue;
- For Applications for Allotment in dematerialised form, DP ID, Client ID and PAN mentioned in the Application Form do not match with the Depository Participant ID, Client ID and PAN available in the records with the depositories;
- Submission of more than five ASBA Forms per ASBA Account;
- If an authorization to the SCSB for blocking funds in the ASBA Account has not been provided;
- Application Forms from ASBA Applicants not being signed by the ASBA Account holder, if the account holder is different from the Applicant;
- Applications for an amount below the minimum Application size;
- ASBA Applications not having details of the ASBA Account to be blocked;
- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications by Applicants seeking Allotment in dematerialised form whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

- Non- ASBA Applications;
- Applications not uploaded on the terminals of the Stock Exchange;
- Applications for Allotment of Bonds in dematerialised form providing an inoperative demat account number;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted along with the Application Form;
- With respect to ASBA Applications, the ASBA Account not having credit balance to meet the Application Amounts or no confirmation is received from the SCSB for blocking of funds; and
- Applications by non-resident investors;
- Application Forms submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) does not bear the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchange(s), as the case may be. ASBA Applications submitted directly to the Designated Branches of SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or Member of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be.
- With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds.
- Applications by Applicants not permitted to subscribe to the Issue;

The collecting bank shall not be responsible for rejection of the Application on any of the technical grounds mentioned above.

Application Forms received after the closure of the Issue shall be rejected.

Basis of Allotment

As mentioned in relevant Tranche Prospectus.

Allotment Advice/ Refund

The payment of refund, if any, may be done through various electronic modes mentioned below:

i. **Direct Credit** – Applicants having bank accounts with the Refund Banks shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.

ii. **NECS** – Payment of refund would be done through NECS for Applicants having an account at any of the centres which have been notified by RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).

iii. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Applicant's bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Investors have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

iv. **RTGS** – If the refund amount exceeds Rs. 2,00,000.00, Applicants have the option to receive refund through RTGS. Charges, if any, levied by the refund bank(s) for the same would be borne by us. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.

The Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications the timelines as prescribed by SEBI Circular No. CIR/DDHS/P/ 121/2018 dated August 16, 2018.

The Issuer and the Registrar shall credit the allotted Bonds to the respective beneficiary accounts/ dispatch the Letters of Allotment or letters of regretby registered post/speed post/ordinary post at the Applicant's sole risk, within the timelines as prescribed by SEBI Circular No. CIR/DDHS/P/ 121/2018 dated August 16, 2018 . We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT.

The Issuer will provide adequate funds to the Registrar for this purpose.

Retention of oversubscription

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Grouping of Applications and Allocation Ratio:

Applications received from various applicants shall be grouped together on the following basis:

i) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, ("**Category I Portion**");

ii) *Applications received from Category II applicants:* Applications received from Category II shall be grouped together, ("**Category II Portion**");

iii) *Applications received from Category III applicants:* Applications received from Category III applicants shall be grouped together, ("**Category III Portion**").

iv) *Applications received from Category IV applicants:* Applications received from Category IV applicants shall be grouped together, ("**Category IV Portion**").

For removal of doubt, "Category I Portion", Category II Portion", Category III Portion" and the "Category IV Portion" are individually referred to as "Portion" and collectively referred to as "Portions"
For the purposes of determining the number of Bonds available for allocation to each of the abovementioned Categories, the Issuer shall have the discretion of determining the number of Bonds to be allotted over and above the Base Issue Size, in case the Issueropts to retain any oversubscription in the Issue upto the Shelf Limit.

Reservation

As specified in the relevant Tranche Prospectus.

Allocation Ratio

Reservations shall be made for each of the Portions in the below mentioned format and shall be indicated at the relevant Tranche Prospectus(es):

Particulars	Category I	Category II	Category III	Category IV
Size in %	[●] % of the Issue Size	[●] % of the Issue Size	[●] % of the Issue Size	[●] % of the Issue Size
Size in Amount	Rs. [●] lakh	Rs. [●] lakh	Rs. [●] lakh	Rs. [●] lakh

The Issuer would allot Tranche [●] Series [●] Bonds to all valid Applications, wherein the Applicants have not indicated their choice of Series of Bonds.

Filing of the tranche prospectus(es) with the Stock Exchanges

A copy of the tranche prospectus (es) shall be filed with the BSE and NSE.

IMPERSONATION

"*Any person who—*

(a) *makes or abets making of an application in a fictitious name to the Issuer for acquiring, or subscribing for, its securities; or*

(b) *makes or abets making of multiple applications to the Issuery in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) *otherwise induces directly or indirectly the Issuer to allot, or register any transfer of, securities to him, or to any other person in a fictitious name.*

shall be liable for action"

Listing

The Bonds will be listed on BSE and NSE.We have received in-principle approval for listing from BSE and NSE vide their letters no. [●] dated [●] and [●] dated [●] respectively.

If permissions to deal in and for an official quotation of our Bonds are not granted by the Stock Exchanges, the Issuer will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Shelf Prospectus. The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at Stock Exchanges are taken within 6 Working Days from the Issue Closure Date.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Series of Bonds, such Bonds with Series of Bonds shall not be listed.

Utilisation of Application Money

The sums received in respect of the Issue, Issuer will have access to such funds upon the execution of trust deed and upon receipt of listing and trading approval from the Stock Exchanges.

Undertaking by the Issuer:

We undertake that:

a) the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;

b) we shall take necessary steps for the purpose of getting the Bonds listed within the specified time;

c) the funds required for dispatch of refund stationery/allotment advice/certificates by registered post shall be made available to the Registrar to the Issueby the Issuer;

d) necessary cooperation to the credit rating agency(ies) shall be extended in providing true and adequate information until the debt obligations in respect of the Bonds are outstanding;

e) we shall forward the details of utilization of the funds raised through the Bonds within the specified time;

f) we shall disclose the complete name and address ofthe Trusteein our annual report; and

g) we shall provide a compliance certificate to the Trustee (on an annual basis) in respect of compliance withthe terms and conditions of issue of Bonds as contained in the tranche prospectus(es).

h) we shall pay interest in connection with any delay in Allotment, dematerialised credit and Refunds, beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under applicable statutory and/or regulatory requirements

(i) we shall make necessary disclosures/reporting under any other legal or regulatory requirement as may be required by the Issuer from time to time.

SECTION VII – MAIN PROVISIONS OF NHAI ACT

INTRODUCTION:

1. The development and maintenance of national highways is fully financed by the Central Government as this function comes within entry 23 of the Union List of the Seventh Schedule to the Constitution. Section 5 of the NH Act provides that the Central Government may direct that any function in relation to the development or maintenance of national highways shall also be exercisable, among others, by any officer or authority subordinate to the Central Government. Accordingly, some of the functions were delegated by the Central Government to the respective State Governments. This system is commonly known as the 'Agency System' since the State Governments are paid 'Agency Charges' incurred by them on works executed on the national highways system.

2. Though the 'Agency System' of execution of national highway works by the State Public Works Departments has been functioning for a period of about 40 years, difficulties were experienced from time to time. Hence, came the proposal for creation of an autonomous body. In this backdrop, the NHAI Act was passed providing for the constitution of an authority for the development maintenance and management of national highways and for matters connected therewith or incidental thereto.

3. Salient features of NHAI Act are as follows:

    (a) NHAI, consist of a Chairman and not more than six full time members to be appointed by the Central Government. The Central Government may also appoint not more than six part-time members;

    (b) the Central Government is empowered to vest in, or entrust to NHAI such national highways or any stretch thereof, as are vested in the Government under section 4 of the NH Act;

    (c) any land required by NHAI for discharging its functions is deemed to be land needed for a public purpose and such land may be acquired for NHAI under the provisions of the NHAI Act;

    (d) NHAI has power to enter into and perform any contract up to a certain value which will be prescribed by the Central Government;

    (e) the Central Government will provide funds to NHAI for the discharge of its functions;

    (f) NHAI will be responsible for the development, maintenance and management of the national highways which are vested in it by the Central Government;

    (g) NHAI will construct offices, workshops and residential buildings for its employees and construct wayside amenities near the national highways vested in it;

    (h) NHAI will, on behalf of the Government, be empowered to collect fees for services or benefits rendered by it under section 7 of the NH Act;

    (i) for the proper management of highways, NHAI will regulate and control the plying of vehicles on the highways vested in it;

    (j) with the approval of the Central Government, NHAI will raise funds through the floating of bonds, issue of debentures etc.

4. In terms of Section 3 NHAI Act, NHAI was constituted with effect from 15.06.1989, vide S.O. 450(E), dated June 15, 1989, published in the Gazette of India, Extra., Pt. II, Sec. 3(ii), dated June 15, 1989 as a body corporate with the statutory mandate to act on business principles.

5. Under Section 11 of NHAI Act, the Central Government is empowered to vest or entrust any national highway or stretch thereof to NHAI by publishing a notification in the Official Gazette. On and from the date of publication of the said Notification all assets, rights or liabilities of the Central Government in respect of the said national highway or stretch thereof stands transferred to NHAI including but not limited to all debts, contracts, capital expenditure, all sums of money due to the Central Government, suits and any other legal proceedings.

6. The main function of NHAI is to develop and maintain national highways whose management and operation is vested in or entrusted to it by the Central Government. In discharge of the aforesaid primary function NHAI is empowered to:

(a) Survey, develop, maintain and manage highway vested in, or entrusted to, it;

(b) construct offices or workshops and establish and maintain hostels, motels, restaurants and rest-rooms at or near the highways vested in, or entrusted to, it;

(c) construct residential building and townships for its employees;

(d) regulate and control the plying of vehicles on the highways vested in, or entrusted to, it for the proper management thereof;

(e) develop and provide consultancy and construction services in India and abroad and carry on research activities in relation to the development, maintenance and management of highways or any facilities thereat;

(f) provide such facilities and amenities for the users of the highways vested in, or entrusted to, it as are in the opinion of NHAI, necessary for the smooth flow of traffic on such highways;

(g) form one or more companies under the Companies Act to further the efficient discharge of the functions imposed on it by NHAI Act;

(h) engage, or entrust any of its functions to, any person on such terms and conditions as may be prescribed;

(i) advise the Central Government on matters relating to highways;

(j) assist, on such terms and conditions as may be mutually agreed upon, any State Government in the formulation and implementation of schemes for highway development;

(k) collect fees on behalf of the Central Government for services or benefits rendered under section 7 of the NH Act and such other fees on behalf of the State Governments on such terms and conditions as may be specified by such State Governments; and

(l) take all such steps as may be necessary or convenient for, or may be incidental to, the exercise of any power or the discharge of any function conferred or imposed on it by NHAI Act.

7. In terms of Section 13 of NHAI Act, any land required by NHAI for discharging its aforesaid functions can be acquired under the NH Act.

8. The provision concerning Finance, Accounts and Audit are dealt with in Chapter V of NHAI Act. Section 17 empowers the Central Government to provide any capital that may be required by NHAI or pay to NHAI by way of loans or grants such sums of money as it may consider necessary for the efficient discharge of the functions by NHAI.

9. Section 18 of NHAI Act provides for constitution of a fund namely the National Highways Authority of India Fund wherein any grant, aid, loan taken or borrowings made, any other sums received by NHAI shall be credited in. The funds are to be utilized for meeting *inter-alia* the expenses of NHAI on objects and for purposes authorized by this Act.

10. Importantly, Section 21 of NHAI Act empowers NHAI to borrow money by the issue of bonds, debentures or such other instruments as it may deem fit as also may borrow temporarily by way of overdraft or otherwise, such amounts as it may require for discharging its functions under NHAI Act. The section further provides that the Central Government may guarantee the repayment of the amount due with respect to the borrowings.

11. NHAI is statutorily obliged under Sections 22 and 23 of NHAI Act to prepare its Annual Report giving full accounts of its activities during the previous financial year and its required to maintain its account and get the same audited in a manner to be decided in consultation with the Comptroller and Auditor-General of India. The Annual Report and The Auditor's Report are to be laid before the Parliament.

12. Notwithstanding the vesting or entrustment in NHAI of a national highway or section thereof, NHAI remains bound by the directions of the Central Government on questions of policy.

NHAI Act further confers power on the Central Government to make rules for carrying out the provisions of NHAI Act.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by NHAI or entered into more than two years before the date of this Draft Shelf Prospectus) which are or may be deemed material and have been entered or are to be entered into by NHAI. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Head Office of NHAI from 10.00A.M. to 5.00 P.M., from the date of this Draft Shelf Prospectusup to the date of the Shelf Prospectus and from the Tranche Issue Opening Date to the Tranche Issue closing date of eachTranche Issue.

MATERIAL CONTRACTS

1. The Memorandum of Understanding dated September 25, 2018 among NHAI and the Lead Managers.
2. Agreement dated September 25, 2018 between NHAI and the Registrar to the Issue.
3. Bond Trustee Agreement dated September 25, 2018 executed between NHAI and the Bond Trustee.
4. Public Issue Account agreement dated [●], 2018 executed by NHAI, the Registrar, the Public Issue Account Bank, the Refund Bank and the Lead Managers.
5. Tripartite Agreement among the NSDL, NHAI and Registrar dated November 25, 2013 and Tripartite Agreement among the CDSL, NHAI and the Registrar dated November 22, 2013.

MATERIAL DOCUMENTS

1. The NHAI Act.
2. Copy of the Board resolution dated February 15, 2018 approving the Issue.
3. Copy of Bond Committee resolution dated November 16, 2018 approving the Draft Shelf Prospectus.
4. No objection certificate issued by Ministry of Finance, GoI dated July 16, 2018.
5. Approval from MoRTH vide its letter dated August 20, 2018 for the present Issue.
6. Consents of the Members of the Board, the Compliance Officer, Lead Managers to the Issue, Independent Auditors of NHAI for the Issue, Bankers to the Issuer, Legal Advisor to the Issue, Credit Rating Agencies, Registrars to the Issue and the Bond Trustee to include their names in this Draft Shelf Prospectus to act in their respective capacities.
7. The consents of the Independent Auditors for NHAI namely PSMG & Associates, Chartered Accountants for inclusion of (a) their name as the Independent Auditor, (b) Auditor's report on Reformatted Financial Information of NHAI and its SPVs and associate company in the form and context in which they appear in this Draft Shelf Prospectus, (c) Limited Review Report.
8. Annual report/Financial Statements of NHAI and Limited review report for the last Financial Years.
9. Report of the PSMG & Associates, Chartered Accountants dated September 25, 2018 in relation to financial information of NHAI included herein.
10. Reports of the PSMG & Associates, Chartered Accountants dated September 25, 2018 in relation to financial information of its SPVs and associate company of NHAI included herein.
11. Reports of the PSMG & Associates, Chartered Accountants dated September 25, 2018 in relation to the Statement of Tax Benefits included herein.
12. Credit rating letters dated August 16, 2018 from IRRPL, letter dated August 10, 2018 from CARE, letter dated August 10, 2018 from ICRA and letter dated August 17, 2018 from CRISIL respectively.
13. The Issuer's letters to SEBI dated July 26, 2018, August 21, 2018, August 30, 2018, September 7, 2018, September 19, 2018 and SEBI's response through letter no. OW/DDHS/26407/2018 dated September 21, 2018.
14. In principle listing approval dated [●] and [●] received from BSE and NSE respectively.
15. Due diligence certificates dated [●] filed by the Lead Managers with SEBI.

Any of the contracts or documents mentioned above may be amended or modified any time without reference to the Bondholders in the interest of NHAI in compliance with the Applicable Laws.

DECLARATION

We, the undersigned, hereby certify that all applicable legal requirements in connection with the Issue, including under the Companies Act 2013 and rules made there under (to the extent applicable to NHAI), the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt) Regulations, 2008 (as amended), Securities Contracts Regulation Act, 1956 and rules made thereunder and the applicable regulations and guidelines issued by Securities and Exchange Board of India as the case may be, and all applicable guidelines issued by Government of India and any other competent authority in this behalf, have been complied with and no statement made in this Draft Shelf Prospectus is contrary to the provisions of the Securities and Exchange Board of India Act, 1992 or rules and regulations made thereunder, as the case may be and any other applicable legal requirements.

We further certify that this Draft Shelf Prospectus does not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that no statements in this Draft Shelf Prospectus are false, untrue or misleading, and that this Draft Shelf Prospectus does not contain any mis-statements.

Signed by all the members on the Board of NHAI

Shri Sanjeev Ranjan, IAS Chairman, NHAI (Full Time Member)	________________________
FULL TIME MEMBERS	
Shri R. K. Chaturvedi, IAS Member (Administration), NHAI	________________________
Shri Asheesh Sharma, IAS Member (Finance), NHAI	________________________
Shri D. O. Tawade Member (Technical), NHAI	________________________
Shri Anand Kumar Singh Member (Projects)	________________________
Shri R. K. Pandey Member (Projects), NHAI	________________________
PART TIME MEMBERS	
Shri Amitabh Kant CEO, Niti Aayog	________________________
Shri Ajay Narayan Jha, IAS Secretary, Department of Expenditure	________________________
Shri Bhesha Nand Singh DG (Road Development) & Special Secretary, MoRTH	________________________
Shri Yudhvir Singh Malik Secretary, Minisrty of Road Transport & Highways	________________________

Place: New Delhi

Date: November 16, 2018

APPENDIX I

FINANCIAL INFORMATION OF NHAI

1.	Limited Review Report of NHAI for the Six months period ended 31st March 2018 and 30th September 2017
2.	Independent Auditor’s Report on Financial Information of NHAI for the year ended 31st March 2017, 2016, 2015, 2014 and 2013

LIMITED REVIEW REPORT

REVIEW REPORT TO THE MEMBERS OF NATIONAL HIGHWAYS AUTHORITY OF INDIA

We have reviewed the accompanying statement of unaudited financial results of National Highways Authority of India for the half year ended 31st March 2018. This statement is the responsibility of the Company's management and has been approved by the Board of the National Highways Authority of India. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India and regulation 52 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 issued by SEBI. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion. As part of our review procedure, we have performed test check of five project implementation units (PIUs).

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in regulation 52 of SEBI (Listing Obligation and Disclosure Requirements) , Regulations 2015 issued by SEBI including the manner in which it is to be disclosed, or that it contains any material misstatement.

For PSMG & Associates,
Chartered Accountants,
F R No. – 008567C

Akansha Gupta
(Partner)
Membership no. – 524057

Place: Ghaziabad
Date: 17-05-2018

NATIONAL HIGHWAY AUTHORITY OF INDIA G-5 & 6, Sector-10, Dwarka, New Delhi-110075			
Un-audited Financial Results for Half year ended March 2018			
			Rs. in Lakhs
Particulars	**Half year ended**		**Year ended 31st March 17**
	31st March 18	**31st March 17**	
	Un-audited	**Un-audited**	**Audited**
1. Incomes:			
(a) Net Sales/Income from Operations	NA	NA	NA
(b) Other Operating Income	NA	NA	NA
2. Expenditure			
(a) Increase/decrease in stock in trade and work in progress	NA	NA	NA
(b) Consumption of raw materials	NA	NA	NA
(c) Purchase of traded goods	NA	NA	NA
(d) Employees cost	10,605.83	7,664.17	14,257.48
(e) Depreciation	1,024.56	764.25	771.52
(f) Other expenditure	10,269.33	6,201.25	9,792.98
(g)Travelling & Conveyance expenses	2,872.30	1,908.57	3,268.32
Total	**24,772.02**	**16,538.24**	**28,090.30**
3. Profit (+)/ Loss (-) from Operations before Other Income, Interest and Exceptional Items (1–2)	(24,772.02)	(16,538.24)	(28,090.30)
4. Other Income	1,040.99	1,037.24	1,354.41
5. Profit (+)/ Loss (-) before Interest & Exceptional Items (3+4)	(23,731.03)	(15,501.00)	(26,735.89)
6. Interest	-	-	-
7. Exceptional items	-	-	-
8. Profit (+)/ Loss (-) from Ordinary Activities before tax (5)-(6+7)	(23,731.03)	(15,501.00)	(26,735.89)
9. Tax expense	-	-	-
10. Net Profit (+)/ Loss (-) from Ordinary Activities after tax (8-9)	(23,731.03)	(15,501.00)	(26,735.89)
11. Prior period & Extraordinary Items (net of tax expense)	(548.92)	(330.57)	(1,135.83)
12. Net Profit(+)/ Loss(-) for the period (10-11)*	(24,279.95)	(15,831.57)	(27,871.72)
13. Capital Base and Cess fund	1,64,27,450.94	1,40,00,072.70	1,39,59,380.47
14. Paid up Long Term Debt Capital	1,21,32,749.56	74,77,872.91	75,38,464.71
15. Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	748.68	-
16. Debenture Redemption Reserve	-	-	-
17. Earnings Per Share (EPS)	NA	NA	NA
18. Debt Equity (Number of times)**	0.74	0.53	0.54
19. Debt Service Coverage Ratio(Profit before interest & Taxes)/Principal & Interest expenses)	NA	NA	NA
20. Interest Service Coverage Ratio (Profit before interest & Taxes)/Interest expenses)	NA	NA	NA

*Based on Accounting Policy net expenses are capitalized.

* *Debt Equity Ratio= Paid up Debt Capital/ Shareholder's Fund***

***Shareholder's Fund= Capital Base and Cess fund and Reserve & Surplus

1. Entire capital of the Authority is provided by Government of India and the capital is not divided into shares.
2. Figures for 31th March, 2018 have been subjected to "Limited Review" by a Chartered Accountant Firm.
3. The figures for the previous year have been regrouped/ rearranged wherever necessary to make them comparative.
4. The audit of the accounts of the Authority is carried out by the C&AG on an annual basis.
5. As on 31st March 2018, no investor complaint is pending.
6. As on 31st March 2017, there is a contingent liability of Rs. 42074.63 crore and Euro 262181.00 against the Authority; Authority has also filed claims for Rs. 12000.49 crore and $ 71,205.00 against various agencies. Figures for 31.03.2018 is under compilation.
7. NHAI is constituted by an Act of Parliament for development, maintenance & management of National Highways. NHAI is an "Executing Agency" of Government of India and therefore does not have its own income or expenses. Excess of revenue expenses over income as shown at sl. No. 12 is transferred to Project Development cost i.e. Capital Work in Progress.

Date: 05.06.2018
Place: New Delhi

For PSMG & Associates,
Chartered Accountants,
F R No. – 08567C

Akansha Gupta
(Partner)
Member ship no. – 524057

LIMITED REVIEW REPORT

REVIEW REPORT TO THE MEMBERS OF NATIONAL HIGHWAYS AUTHORITY OF INDIA

We have reviewed the accompanying statement of unaudited financial results of National Highways Authority of India for the half year ended 30th September 2017. This statement is the responsibility of the Company's management and has been approved by the Board of the National Highways Authority of India. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India and regulation 52 of SEBI (Listing obligation and disclosure requirements) Regulations,2015 issued by SEBI. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion. As part of our review procedure, we have performed test check of five project implementation units (PIUs).

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 issued by SEBI including the manner in which it is to be disclosed, or that it contains any material misstatement.

For PSMG & Associates,
Chartered Accountants,
F R No. – 008567C

Saurabh Goel
(Partner)
Membership no. – 407620

Place: Ghaziabad
Date: 12-12-2017

NATIONAL HIGHWAY AUTHORITY OF INDIA G-5 & 6, Sector-10, Dwarka, New Delhi-110075			
Un-audited Financial Results for Half year ended September 2017			
			Rs. in Lakhs
Particulars	**Half year ended**		**Year ended 31st March 17**
	30th September 17	**30th September 16**	
	Un-audited	**Un-audited**	**Audited**
Total Income from Operations			
Net Profit/(Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	NA	NA	NA
Net Profit/(Loss) for the period before tax (after Exceptional and/or Extraordinary items)	**(12,552.99)**	**(9662.89)**	**(26,735.89)**
Net Profit/(Loss) for the period after tax (after Exceptional and/or Extraordinary items)	**(13,269.06)**	**(10,661.93)**	**(27,871.72)**
Total Comprehensive Income for the period [Comprising Profit/(Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	**(13,269.06)**	**(10,661.93)**	**(27,871.72)**
Paid up Equity Share Capital	1,57,32,068.86	1,38,88,285.09	,39,59,380.47
Reserves (excluding Revaluation Reserve)		748.68	
Net worth*	1,57,32,068.86	1,38,89,033.77	1,39,59,380.47
Paid up Debt Capital/Outstanding Debt	93,69,636.57	56,37,783.38	75,38,464.71
Outstanding Redeemable Preference Shares	NA	NA	NA
Debt Equity Ratio**	0.60	0.41	0.54
Earnings Per Share (of Rs........................./- each) (for continuing and discontinued operations) — Basic: Diluted:	NA	NA	NA
Capital Redemption Reserve	-	-	-
Debenture Redemption Reserve	-	-	-
Debt Service Coverage Ratio	NA	NA	NA
Interest Service Coverage Ratio	NA	**NA**	NA

*New Worth = Capital Base and Cess fund and Reserve & Surplus

* *Debt Equity Ratio= Paid up Debt Capital/ Shareholder's Fund

1. Entire capital of the Authority is provided by Government of India and the capital is not divided into shares.
2. Figures for 30th September, 2017 have been subjected to "Limited Review" by a Chartered Accountant Firm.
3. The figures for the previous year have been regrouped/ rearranged wherever necessary to make them comparative.
4. The audit of the accounts of the Authority is carried out by the C&AG on an annual basis.
5. As on 30th September, 2017, no investor complaint is pending.
6. Annual statement of Accounts of F.Y. 2016-17, duly approved by the board of Authority, have been submitted to C&AG for audit on 27.07.2017 & audit report thereon is yet to be received.
7. Except in the cases where assets have been disposed off, depreciation for the half year has not been considered.
8. Reconciliation exercise of CALA account is performed at the closing of annual accounts, hence as on 30.09.2017, reconciliation of CALA account has not been done.
9. As on 31st March 2017, there is a contingent liability of Rs.42074.63 crore and Euro 262181.00 against

the Authority; Authority has also filed claims for Rs. 12000.49 crore and $ 71,205.00 against various agencies. Figures for 30.09.2017 has not been compiled.

10. NHAI is constituted by an Act of Parliament for development, maintenance & management of National Highways. NHAI is an "Executing Agency" of Government of India and therefore does not have its own income or expenses. NHAI, therefore, does not suffer any profit/loss. Excess of revenue expenses over income as shown at sl. No. 5 is transferred to Project Development cost i.e. Assets held on behalf of Government of India.

Date: 12.12.2017
Place: Ghaziabad

For PSMG & Associates,
Chartered Accountants,
F R No. – 008567C

Saurav Goel
(Partner)
Membership no. – 407620

INDEPENDENT AUDITOR'S REPORT

National Highways Authority of India
G 5&6, Sector 10, Dwarka,
New Delhi-110 075, India

Dear Sir,

PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), IN THE FINANCIAL YEAR 2018-2019 ("ISSUE")

1. We have read the accompanying financial information of National Highways Authority of India (hereinafter referred to as the ―Authority) (comprising Section A – Reformatted Unconsolidated Financial Information and Section B- Other Reformatted Unconsolidated Financial Information) (Section A and Section B together referred to as ―Reformatted Financial Information) annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Authority in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter. nos. NHAI/11033/Bharatmala Bonds /Auditor/2018-19 dated September 6, 2018, in connection with the Authority's proposed issue of Taxable, secured, redeemable, non-convertible Bonds. The Reformatted Financial Information have been extracted from the audited financial statements of the Authority. For our reference, we have placed reliance on the audited unconsolidated financial statements of the Authority for the year ended 31st March 2017, 2016, 2015, 2014 and 2013 which have been audited by Comptroller and Auditor of General of India ("C&AG").

2. Management's Responsibility

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the Authority's management. Our responsibility is to express an opinion on these reformatted financial statements. Board of Members is also responsible for identifying and ensuring that the Authority complies with the laws and regulations applicable to its activities. Board of Members is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications.

3. Auditor's Responsibility

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and SEBI Regulations in connection with the proposed Issue. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Financial Information with the Authority's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2017, 2016, 2015, 2014 and 2013 reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Authority or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Authority.

4. Reformatted Financial Information as per Audited Financial Statements

We have read the attached 'Statements of Assets and Liabilities' of the Authority for the financial years as at 31st March, 2013 to 31st March, 2017(Annexure I), 'Profit and Loss Account of the Authority for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure II), 'Cash Flow Statement' of the Authority for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) , referred to as **'Reformatted Financial Statements'**. Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.

ii. The Reformatted Financial Information of the Authority are not required to be regrouped and reclassified in accordance to Schedule III of the Act as the Authority is not governed by provision of the Act. However, regrouping/reclassification has been carried out as per the format suggested by C&AG and National Highways Authority of India Rules,1990 to ensure consistency in the presentation of financial information to ensure comparability, wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements as at / for the year ended 31^{st} March'17.

iii. The extraordinary/exceptional items have been adequately disclosed separately in the Statement of Profit & Loss.

iv. Authority has not declared any dividends for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013.

v. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.

vi. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 which are reproduced in Annexure IX.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, adjustments of amounts pertaining to mathematical accuracy and adjustment of amounts arising out of auditor's qualifications.

Financial statements of the authority have been prepared on the basis of National Highways Authority of India Rules 1990 and the format suggested by C&AG, accordingly reformatted financial statements have been prepared on that basis only. As the authority has been constituted under the The National Highways

Authority of India Act, 1988 therefore, Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 are not applicable on it.

6. Other Financial Information of the Authority:

At the Authority's request we have read the following information relating to the Authority as at and for each of the years ended 31st March, 2017, 2016, 2015, 2014 and 2013 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 (Annexure VII); and

ii. Capitalization Statement as at 31st March, 2017 (Annexure VIII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the Authority, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Authority as of any date or for any period subsequent to March 31, 2017.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner
Membership No- 098358

Date: 25 September 2018
Place: Ghaziabad

ANNEXURE- I

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in lakhs)

SL. Nos.		Particulars	Schedule	AS AT MARCH 31				
				2017	2016	2015	2014	2013
		(1)	(2)	(3)	(4)	(5)	(3)	(4)
I.		**SOURCES OF FUNDS**						
	1	**Shareholders' Fund**						
		a) Capital	1	1,39,59,380.47	1,25,51,457.89	1,04,52,040.18	9,270,378.22	8,064,111.97
		b) Reserves & Surplus	2	0.00	748.68	45.46	45.46	41,198.84
	2	**Grants**						
		a) Capital	3	13,65,643.01	13,66,280.32	13,66,901.41	1,367,346.44	1,367,489.82
	3	**Borrowings**	4	75,38,464.71	45,27,036.70	24,89,285.59	2,406,780.68	1,860,322.92
		TOTAL		**2,28,63,488.18**	**1,84,45,523.58**	**1,43,08,272.64**	**13,044,550.79**	**11,333,123.55**
II.		**APPLICATION OF FUNDS**						
	1	**Fixed Assets**	5					
		a) Gross Block		12,533.36	11,870.62	11,238.39	9,475.49	9,182.64
		b) Less: Depreciation		7,857.39	7,217.40	6,462.96	5,905.33	5,592.43
		c) Net Block		4,675.97	4,653.21	4,775.43	3,570.16	3,590.20
		d) Less: Assets created out of Grants		612.58	612.58	612.58	612.58	612.58
		e) Assets held on behalf of GoI (completed & ongoing)		2,17,72,656.62	1,76,45,402.50	1,40,79,731.46	12306481.73	10644023.84
		Total		**2,17,76,720.00**	**1,76,49,443.14**	**1,40,83,894.32**	**12,309,439.31**	**10,647,001.46**
	2	**Investment (At cost)**	6	**90,959.00**	**1,21,652.89**	**1,21,625.00**	**1,20,902.89**	**1,19,846.89**
	3	**Current Assets, Loans and Advance**	7					
		a) Inventories		-	-		-	-
		b) Sundry Debtors		-	-		-	-
		c) Deposits, Loans & Advances		32,95,320.19	25,77,831.04	14,26,624.21	998,079.50	8,36,326.85
		d) Interest accrued on deposit		1,399.71	2,826.98	4,402.19	12,598.83	28,848.21
		e) Interest		52,628.05	59,569.52	34,975.69	25,226.27	17,373.81
		accrued and due on CALA deposits						
		f) Cash & Bank Balance		8,37,680.26	6,74,079.72	2,67,235.23	886,980.76	773,006.11
		sub total		**41,87,028.21**	**33,14,307.25**	**17,33,237.32**	**1,922,885.35**	**1,655,554.97**

SL. Nos.		Particulars	Schedule	AS AT MARCH 31				
				2017	2016	2015	2014	2013
		(1)	(2)	(3)	(4)	(5)	(3)	(4)
		Less: Current Liabilities and Provisions						
		a) Liabilities	**8**	31,87,098.88	26,36,198.49	16,27,412.69	1,306,279.04	1,087,390.28
		b) Provisions	**9**	4,120.15	3,681.20	3,071.31	2,397.71	1,889.49
		sub total		**31,91,219.03**	**26,39,879.69**	**16,30,484.00**	**1,308,676.75**	**1,089,279.78**
		Net Current Assets		**9,95,809.18**	**6,74,427.56**	**1,02,753.32**	**6,14,208.60**	**566,275.20**
	4	**Misc. Expenditure (to the extent not written off)**	**10**	-	-	-	-	-
	5	**Profit & Loss Account(Debit balance, if any)**		-	-	-	-	-
	6	**Significant Accounting Policies**	**18**	-	-	-	-	-
	7	**Notes on Accounts**	**19**	-	-	-	-	-
		TOTAL		**2,28,63,488.18**	**1,84,45,523.58**	**1,43,08,272.64**	**13,044,550.79**	**11,333,123.55**

ANNEXURE- II

REFORMATTED STATEMENT OF PROFIT AND LOSS ACCOUNT

(`Rs. In Lacs)

Sl.Nos.	Particulars	Schedule	FOR THE YEAR ENDED MARCH 31				
			2017	2016	2015	2014	2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
I.	**INCOME**						
	a) Value of Work done			-	-	-	-
	b) Other income	11	1,353.35	1,293.36	1,694.84	1094.13	1,541.27
	c) Interest (Gross)	12	1.06	0.88	1.18	1.13	1.54
	d) Grant-in-aid for maintenance of Highways			-	-		-
	e) Net Increase/Decrease in work-in-progress (+)/(-)	13		-	-		-
	TOTAL		**1,354.40**	**1,294.24**	**1,696.01**	**1095.26**	**1,542.81**
II.	**EXPENDITURE**						
	a) Construction Stores/ Material consumed Other stores, spares & tools etc. consumed			-	-		-
	Work Expenses:	14					
	a) Personnel & Administrative Expenses	15	27,282.06	22,537.20	20,799.86	19296.86	16,849.76
	b) Finance Charges	16	14.71	7.76	7.18	11.60	10.98
	c) Depreciation		771.52	870.43	683.27	462.37	379.16
	d) Assets of Small Value Charged Off		22.01	21.50	16.83	20.81	14.71
	Exceptional Item						
	Provision for diminution in the value of investment		40,310.88				
	Less: Provision transferred to Capital (Sch-1)		(40,310.88)				
	TOTAL		**28,090.30**	**23,436.89**	**21,507.14**	**19791.63**	**17,254.61**
	Profit (+)/Loss (-) for the year		(26,735.89)	(22,142.65)	(19,811.13)	(18696.37)	(15,711.80)
	Add: Prior Period Items net(+/-)	17	(1,135.83)	(747.01)	(832.30)	(679.45)	(606.47)
	Less: Net Establishment Expenses for the year transferred to CWIP (Sch-5)		**27,871.73**	**22,889.66**	**20,643.43**	**19375.83**	**16,318.27**
	Less/Add: Provision for Taxation						
	Net Profit		-	-	-	-	-
	Less: Transfer to Capital Reserve		-	-	-	-	-
	Less: Transfer to other specific Reserve/Fund		-	-	-	-	-
	Less/Add: Transfer to/Transfer from General Reserve (+/-)		-	-	-	-	-
	Less/Add: Surplus brought forward from previous year		-	-	-	-	41,198.84
	Surplus carried to Balance Sheet		-	-	-	-	**41,198.84**

ANNEXURE- III

REFORMATTED STATEMENT OF CASH FLOW

SL.Nos.	Particulars	FOR THE YEAR ENDED MARCH 31				
		2017	2016	2015	2014	2013
	(1)	(3)	(4)	(5)	(6)	(7)
A.	**Cash flow from operating activities:**					
	Net profit before tax	(26,735.89)	(22,142.65)	(19,811.13)	(18696.37)	(15,711.80)
	Adjustments for:					
	Depreciation	771.52	870.43	683.27	462.37	379.16
	Profit/(Loss)on sale of assets	(2.77)	(3.55)	(8.33)	(9.27)	(1.43)
	Interest income	(1.06)	(0.88)	(1.18)	(1.13)	(1.54)
	Operating profit before working capital changes	**(25,968.20)**	**(21,276.65)**	**(19,137.36)**	**(18244.40)**	**(15,335.61)**
	Adjustments for:					
	(Increase)/Decrease in Deposits, Loans & Advances	(7,17,489.15)	(11,51,482.74)	(4,27,786.46)	(161060.93)	(412,731.83)
	Increase in liabilities	5,50,900.39	10,08,785.80	3,21,133.65	218888.76	(183,008.63)
	Increase in Provision for gratuity and Leave encashment	438.95	609.89	673.60	508.22	385.41
	Cash flow before extraordinary item & prior period items	**(1,92,118.01)**	**(1,63,363.70)**	**(1,25,116.57)**	**40091.65**	**(610,690.66)**
	Prior period items	(1,135.83)	(747.01)	(832.30)	(679.45)	(606.47)
	Net cash generated from operating activities	**(1,93,253.85)**	**(1,64,110.71)**	**(1,25,948.87)**	**39412.20**	**(611,297.13)**
B.	**Cash flow from investing activities:**					
	Purchase of fixed assets	(803.66)	(757.79)	(1,905.46)	(449.47)	(444.39)
	Realization from sale of assets	12.16	13.13	25.25	16.41	11.39
	Increase in Capital Work in progress	(38,66,631.06)	(34,50,701.69)	(16,98,326.15)	(1,660,157.74)	(1,388,970.03)
	Increase in investment	30,693.88	(27.88)	(722.12)	(1,056.00)	(6,583.00)
	Interest Income	1,62,085.61	96,759.82	1,10,727.53	109,295.85	97,482.15
	Interest expense	20,349.00	11,188.98	-	(2,554.64)	(11,649.05)
	Capital Reserve (Receipts)	-	-	10,769.86	15,607.28	7,631.85
	Interest and other expenditure on bond issue	-	-	(1,78,087.42)	(140,447.11)	(123,582.22)
	Net cash used in investing activities	**(36,54,294.06)**	**(35,66,295.75)**	**(17,57,518.50)**	**(1,679,745.43)**	**(1,426,103.30)**
C.	**Cash flow from financing activities:**					
	Cess funds received from Govt of India	2,32,650.00	15,42,000.00	6,88,589.00	685,745.00	600,300.00
	Capital additional budgetary receipts	5,64,902.00	37,027.00	60,000.00	85,040.00	202,897.00
	EAP Grant utilised towards Revenue Expenditure	(637.31)	(621.09)	(445.03)	(143.38)	

SL.Nos.	Particulars	FOR THE YEAR ENDED MARCH 31				
		2017	2016	2015	2014	2013
	(1)	(3)	(4)	(5)	(6)	(7)
	Transfer of "Premium on Bonds" to "Capital Reserve"	(748.68)				
	Adjusted Plough back of Toll Remittance, etc	6,50,681.46	5,20,390.71	4,33,072.96	435,481.25	164,024.57
	Loan received from government of India			-		
	Capital -Net off Toll Collection, Negative Grant etc. upto 31.03.10	-	-	-	-	618,355.88
	Loan/Overdraft received from Bank			-		
	Repayment of loan from government of India			-	(33900.00)	(51,685.00)
	Net Increase in loan from ADB due to Exchange Loss after Adjustment of Repayments	(6,133.29)	(159.09)	(683.98)	3837.25	1,459.42
	Repayment of loan from Banks		-	-		-
	Proceeds from issue of Capital Gains Tax-Free Bonds	5,57,274.20	4,28,117.00	3,34,340.40	2,94,212.90	290,206.80
	Proceeds from issue of Tax Free Bonds 2015-16, including Premium		19,00,703.22			
	Proceeds from issue of Tax Free Bonds 2013-14, including Premium			-	500045.46	
	Proceeds from issue of Taxable bonds	27,54,500.00				
	Redemption of Capital Gains Tax- Free Bonds	(2,94,212.90)	(2,90,206.80)	(2,51,151.50)	(216010.60)	(115,363.10)
	Interest and other expenditure on Bond	(4,06,816.15)	(2,22,770.32)			
	Proceeds from issue of Tax- Free Bonds 2011-12					
	Capital reserve (Negative Grant) for BOT projects					
	Net cash used in financing activities	**40,51,459.33**	**41,37,250.94**	**12,63,721.84**	**1754307.88**	**1,710,195.57**
	Net increase/(decrease) in cash and cash equivalents	**2,03,911.43**	**4,06,844.49**	**(6,19,745.53)**	**113974.65**	**(327,204.85)**
	Opening cash and cash equivalents	6,74,079.72	2,67,235.23	8,86,980.76	773006.11	1,100,210.97
	Closing cash and cash equivalents	**8,77,991.14**	**6,74,079.72**	**2,67,235.23**	**886980.76**	**773,006.11**
	Notes:					
	Cash and cash equivalents include:					

SL.Nos.	Particulars	FOR THE YEAR ENDED MARCH 31				
		2017	2016	2015	2014	2013
	(1)	(3)	(4)	(5)	(6)	(7)
	Cash and cheques in hand / in transit	114.81	4.39	38.57	223.07	5.57
	Balance with banks: -In Current Account	8,11,682.59	73,702.37	98,690.56	42580.02	179,641.48
	- In FD account	25,882.86	6,00,372.95	1,68,506.10	844177.66	593,359.06
	Balance as per books of account	**8,37,680.26**	**6,74,079.72**	**2,67,235.23**	**886980.76**	**773,006.11**

ANNEXURE-IV

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABLITIES

(Rs. In Lacs)

PARTICULARS	AS AT MARCH 31									
	2017		2016		2015		2014		2013	
SCHEDULE – 1										
i) Capital u/s 12(i)(b) - Commencing Capital										
ii) Capital u/s 17										
a) Capital Base		80,100.00		80,100.00		80,100.00	685,745.00	80,100.00	600,300.00	80,100.00
b) Cess Fund	91,16,270.00		75,74,270.00		68,85,681.00		6199936.00		5,599,636.00	
Add : Received during the Year	2,32,650.00		15,42,000.00		6,88,589.00		685745.00		600,300.00	
c) Additional Budgetary Support (NHDP)	10,06,670.00		4,41,768.00		4,04,741.00		344741.00		259,701.00	
d) Additional Budgetary Support (Others)	3,76,584.00		3,76,584.00		3,76,584.00		376584.00		376,584.00	
e) Capital -Net off Toll Collection, Negative Grant etc. upto 31.03.10	618355.88		6,18,355.88		6,18,355.88		618355.88		618,355.88	
f) Additional Budgetary Support (Plough back of Toll Remittance, etc.)	30,31,089.00		22,81,089.00		16,31,089.00		1086289.00		609,289.00	
Less: 1) Plough back transferred to SPVs	(15,207.23)		(10,728.96)		(3,773.03)					
2) Expenditure on Toll Collection Activities (w.e.f. 01.04.2010)	(84,727.05)		(62,857.09)		(52,467.11)		(40035.98)		(34,248.57)	
3) (Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (w.e.f. 01.04.2010).	(3,62,093.25)		(2,89,122.95)		(1,76,859.57)		(81336.68)		(45,605.35)	
4) Transfer of Exceptional item from P & L A/c	(40,310.88)		0.00		-					
Sub - Total		**13,879,280.47**		**12,551,457.89**		**10,371,940.18**		**9,190,278.22**		**7,984,011.97**
Total (Schedule 1)		**1,39,59,380.47**		**1,25,51,457.89**		**104,52,040.18**		**9,270,378.22**		**8,064,111.97**
SCHEDULE – 2										
(Additions and deductions since last balance sheet to be shown under each of the specified heads)										

i) Capital Reserve									5,116,337.00	
Opening Balance	88,729.49		77,540.51							
Add : Additions during the year	20,349.00		11,188.98							
Less: a) Capital Receipts transferred to CWIP (Sch-5)	1,09,078.49		88,729.49		43,531.51		66770.64		5,116,337.00	
b) Negative Grants- Transferred to Schedule-8 upto 31.03.2010					136,053.60					
ii) General Reserve										
iii) Premium on Tax-Free Bond issue				748.68		45.46				
iv) National Highways Authority of India fund u/s 18(i)										
v) Credit balance of P & L A/C										
Opening Balance							41198.84		41,198.84	
Add : Additions during the year										
								41198.84		41,198.84
Total (Schedule 2)				**748.68**		**45.46**		**41198.84**		**41,198.84**
SCHEDULE – 3				-						-
Grants										
i) Capital Grant										
ia) For Externally Aided Projects	13,70,982.00		13,70,982.00		13,70,982.00		1370982.00		1,370,982.00	
Interest earned on un-utilized Grant	1,001.00		1,001.00		1,001.00		1001.00		1,001.00	
Less : Assets created out of Grants	(612.58)		(612.58)		612.58		612.58		612.58	
Less : Revenue Expenditure out of Grant	(5,727.41)	13,65,643.01	(5,090.10)	13,66,280.32	4,469.01	13,66,901.41	4023.98	1367346.44	3,880.60	1,367,489.82
ib) For Office Building at Dwarka	150.00		150.00		150.00		150		150.00	
Less: Transferred to Building Account (Sch.- 5)	(150.00)		(150.00)		150.00		150		150.00	
Opening Balance	88,729.49		77,540.51							
Add : Additions during the year	20,349.00		11,188.98							
Less: a) Capital Receipts transferred to CWIP (Sch-5)	1,09,078.49		88,729.49		43,531.51		66770.64		5,116,337.00	
b) Negative Grants- Transferred to Schedule-8 upto					136,053.60					

31.03.2010											
ii) General Reserve											
iv) Premium on Tax-Free Bond issue				748.68		45.46					
iv) National Highways Authority of India fund u/s 18(i)											
v) Credit balance of P & L A/C											
Opening Balance							41198.84		41,198.84		
Add : Additions during the year											
								41198.84		41,198.84	
Total (Schedule 2)				**748.68**		**45.46**		**41198.84**		**41,198.84**	
SCHEDULE – 3				-						-	
Grants											
i) Capital Grant											
ia) For Externally Aided Projects	13,70,982.00		13,70,982.00		13,70,982.00		1370982.00		1,370,982.00		
Interest earned on un-utilized Grant	1,001.00		1,001.00		1,001.00		1001.00		1,001.00		
Less : Assets created out of Grants	(612.58)		(612.58)		612.58		612.58		612.58		
Less : Revenue Expenditure out of Grant	(5,727.41)	13,65,643.01	(5,090.10)	13,66,280.32	4,469.01	13,66,901.41	4023.98	1367346.44	3,880.60	1,367,489.82	
ib) For Office Building at Dwarka	150.00		150.00		150.00		150		150.00		
Less: Transferred to Building Account (Sch.- 5)	(150.00)		(150.00)		150.00		150		150.00		
ic) For servicing of Bonds issue	1,000.00		1,000.00		1,000.00		1000		1,000.00		
Interest earned on un-utilized Grant	496.68		496.68		496.68		496.68		496.68		
Less : Expenditure incurred											
Bond Issue Expenses	(8,300.57)		(7,216.70)		6,652.06		6429.00		6,698.96		
Interest on Bond	(5,59,764.64)		(4,90,073.95)		4,32,161.13		379858.89		331,459.67		
Others											

	(3.00)		(3.00)		3.00		3.00		3.00	
Deficit transferred to Capital work in progress per contra (Sch.-5)	5,66,571.53		(4,95,796.97)		(4,37,319.52)		(384794.21)		(336,664.96)	
Total (Schedule 3)		**13,65,643.01**		**13,66,280.32**		**13,66,901.41**		**1,367,346.44**		**1,367,489.82**
SCHEDULE - 4										
Secured Loans										
Capital Gains Tax free Bonds (Secured against a Flat in Ahemdabad)		835,571.20		10,56,670.30		9,18,760.10		835,571.20		757,368.90
Tax Free Secured Redeemable Non- Convertible Bonds (10 & 15Yr) 11-12		0.00		10,00,000.00		10,00,000.00		10,00,000.00		10,00,000.00
Tax Free Secured Redeemable Non-Convertible Bonds (10Yr & 15Yr) 13-14		5,00,000.00		5,00,000.00		5,00,000.00				
Tax Free Secured Redeemable Non-Convertible Bonds (10Yr & 15Yr) 15-16		19,00,000.00		19,00,000.00		19,00,000.00				
Taxable Bonds (25Yrs) 2016-17		10,00,000.00								
Taxable Bonds (5Yr) 2016-17		9,04,500.00								
Taxable Bonds (30Yr) 2016-17		8,50,000.00								
Loan from Banks (Secured against FDR)		64,233.11		70,366.40		70,525.49		71,209.48		67,372.23
Unsecured Loans										
i) Loans from Govt. of India								0.00		33,900.00
ia) Interest Accrued but not due on GOI Loans								0.00		1,681.79
ii) Loans from Banks										
iii) Loan from ADB										
iv) Over Draft from Banks										
Total (Schedule 4)		**75,38,464.71**		**45,27,036.70**		**24,89,285.59**		**2406780.68**		**1,860,322.92**

ANNEXURE-IV (e)

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABLITIES FY 2017

(Rs. In Lacs)

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS
Description of Asset	Rate of Deprecia-tion	As at 1.4.2016	Addition	Adjusted/ Deducted (+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2017	As At 01.04.2016	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2017	As at 31.03.2016	As at 31.03.2017	CREATED OUT OF GRANT
LAND FREEHOLD	NIL	73.63	-			73.63	-				-	73.63	73.63	1.23
LAND LEASEHOLD	NIL	1,226.55	69.52			1,296.06	-				-	1,226.55	1,296.06	32.43
BUILDINGS	5%	2,294.91	-			2,294.91	1,230.89	54.88		-	1,285.77	1,064.02	1,009.14	262.83
STAFF QUARTERS	5%	-	-			-	-	-		-	-	-	-	103.91
ROADS & BRIDGES	5%	-	-			-	-	-		-	-	-	-	-
COMPUTERS & EDP	60%	4,024.83	431.87	45.25	168.81	4,333.15	3,508.44	490.29	24.05	139.98	3,882.80	516.39	450.35	75.61
LABORATORY & SURVEY EQUIPMENT	25%	0.91	-			0.91	0.70	0.05		-	0.76	0.21	0.16	0.26
FURNITURE, FITTINGS & ELECTRICAL INSTALLTION	10%	1,771.81	192.25	2.67	2.00	1,964.74	1,008.39	102.55	1.07	1.00	1,111.02	763.42	853.73	69.21
MOTOR VEHICLES	20%	6.71	-	0.00	6.71	-	5.81	0.18	-	5.99	(0.00)	0.90	0.00	-
AIR CONDITIONERS / HEATERS	25%	517.28	14.25	0.38	0.87	531.04	480.89	13.85	0.31	0.80	494.26	36.39	36.79	16.63
OFFICE EQUIPMENT	25%	1,341.40	95.77	0.81	11.66	1,426.32	982.27	109.68	0.60	9.77	1,082.79	359.13	343.53	50.47
SUB TOTAL: I		**11,258.03**	**803.66**	**49.11**	**190.05**	**11,920.77**	**7,217.40**	**771.52**	**26.03**	**157.54**	**7,857.39**	**4,040.63**	**4,063.38**	**612.58**
CAPITAL WORK		1,73,96,693.94	38,66,631.06			2,12,63,325.00						1,73,96,693.94	2,12,63,325.00	

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	Rate of Deprecia-tion	As at 1.4.2016	Addition	Adjusted/ Deducted (+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2017	As At 01.04.2016	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2017	As at 31.03.2016	As at 31.03.2017	
IN PROGRESS														
Add: Interest/ other expenses on 54EC Bond Issue (deficit transfer to CWIP as per contra Sch-3)		4,95,796.97	70,774.56			5,66,571.53						4,95,796.97	5,66,571.53	
Add: Tax Free Bond Exps-Recuring		879.68	327.09			1,206.77						879.67	1,206.77	
Add: Bond Issue Expenses		(52.68)	590.65			537.97						(52.68)	537.97	
Add: Interest on Tax Free Bonds		4,82,447.39	2,65,091.39			7,47,538.77						4,82,447.38	7,47,538.77	
Add: Interest on Taxable Bonds		-	69,950.46			69,950.46						4,82,447.38	69,950.46	
Add: Int on GoI Loan/OD		1,52,572.83	82.01			1,52,654.83						1,52,572.82	1,52,654.83	
Add: Net Establishment Exps. Transferred from P&L A/c		81,854.35	27,871.73			1,09,726.08						81,854.35	1,09,726.08	
Less: CAPITAL RESERVE		(88,729.49)	(20,349.01)			(1,09,078.49)						(88,729.49)	(1,09,078.49)	
Less: Intt. on Unutilised Capital		(8,76,060.49)	(1,53,715.82)			(10,29,776.30)						(8,76,060.49)	(10,29,776.30)	
SUB TOTAL: II		**1,76,45,402.50**	**41,27,254.11**	-	-	**2,17,72,656.62**						**1,81,27,849.85**	**2,17,72,656.62**	
GRAND TOTAL (I) + (II)		**1,76,56,660.54**	**41,28,057.77**	**49.11**	**190.05**	**2,17,84,577.39**	**7,217.40**	**771.52**	**26.03**	**157.54**	**7,857.39**	**1,81,31,890.48**	**2,17,76,720.00**	**612.58**

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	Rate of Deprecia-tion	As at 1.4.2016	Addition	Adjusted/ Deducted (+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2017	As At 01.04.2016	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2017	As at 31.03.2016	As at 31.03.2017	
PREVIOUS YEAR: 31.03.2016		1,40,90,357.28	35,66,428.78	41.96	167.48	,76,56,660.54	6,462.96	870.43	22.06	138.04	7,217.40	1,40,83,894.32	1,76,49,443.14	612.58

ANNEXURE-IV (d)

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABLITIES FY 2016

(Rs. In Lacs)

SCHEDULE 5	GROSS BLOCK					Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	Rate of Deprecia-tion	As at 1.4.2015	Addition	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2016	As At 01.04.2015	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2016	As at 31.03.2015	As at 31.03.2016	
LAND FREEHOLD	NIL	73.63	-	-	-	73.63	-	-	-	-	-	73.63	73.63	1.23
LAND LEASEHOLD	NIL	1,226.55	-	-	-	1,226.55	-	-	-	-	-	1,226.55	1,226.55	32.43
BUILDINGS	5%	2,294.91	-	-	-	2,294.91	1,173.12	57.77	-	-	1,230.89	1,121.78	1,064.02	262.83
STAFF QUARTERS	5%	-				-	-				-	-	-	103.91
ROADS & BRIDGES	5%	-				-	-				-	-	-	-
COMPUTERS & EDP	60%	3,570.22	558.20	32.82	136.40	4,024.83	3,021.13	582.52	17.02	112.23	3,508.44	549.09	516.39	75.61
LABORATORY & SURVEY EQUIPMENT	25%	0.91				0.91	0.64	0.07	-	-	0.70	0.28	0.21	0.26
FURNITURE, FITTINGS & ELECTRICAL INSTALLTION	10%	1,706.89	70.32	2.40	7.80	1,771.81	916.80	97.04	1.94	7.38	1,008.39	790.09	763.42	69.21
MOTOR VEHICLES	20%	6.71	-	-	-	6.71	5.59	0.23	-	-	5.81	1.13	0.90	-
AIR CONDITIONERS / HEATERS	25%	508.00	10.20	0.07	0.99	517.28	468.61	13.21	0.07	0.99	480.89	39.39	36.39	16.63
OFFICE EQUIPMENT	25%	1,237.99	119.01	6.68	22.29	1,341.40	877.08	119.60	3.03	17.44	982.27	360.91	359.13	50.47
SUB TOTAL: I		**10,625.81**	**757.74**	**41.96**	**167.48**	**11,258.03**	**6,462.96**	**870.43**	**22.06**	**138.04**	**7,217.40**	**4,162.85**	**4,040.63**	**612.58**
CAPITAL WORK IN PROGRESS		139,45,992.26	34,50,701.69			173,96,693.94						139,45,992.26	173,96,693.94	
Add: Interest/ other		4,37,319.52	58,477.45			4,95,796.97						4,37,319.52	4,95,796.97	

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	Rate of Deprecia-tion	As at 1.4.2015	Addition	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2016	As At 01.04.2015	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2016	As at 31.03.2015	As at 31.03.2016	
expenses on 54EC Bond Issue (deficit transfer to CWIP as per contra Sch-3)														
Add: Tax Free Bond Exps-Recurring		599.86	279.81			879.68						599.86	879.68	
Add: Tax Free Bond Issue Expenses		(4,360.44)	4,307.76			(52.68)						(4,360.44)	(52.68)	
Add: Interest on Tax Free Bonds		3,22,742.09	1,59,705.30			4,82,447.39						3,22,742.09	4,82,447.39	
Add: Interest on G.O.I. Loan		1,52,572.83	-			1,52,572.83						1,52,572.83	1,52,572.83	
Add: Net Establishment Expenses. transferred to CWIP (from P&L A/c)		58,964.69	22,889.66			81,854.35						58,964.69	81,854.35	
Less: CAPITAL RESERVE		(77,540.51)	(11,188.98)			(88,729.49)						(77,540.51)	(88,729.49)	
Less: Interest. on Unutilized Capital		(7,56,558.84)	(1,19,501.64)			(8,76,060.49)						(7,56,558.84)	(8,76,060.49)	
SUB TOTAL: II		**140,79,731.46**	**35,65,671.04**	-	-	**176,45,402.50**						**140,79,731.46**	**176,45,402.50**	
Less :- Expenditure on Completed Projects awaiting Capitalization/ Transfer														
Balance Capital Work in Progress														

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	Rate of Deprecia-tion	As at 1.4.2015	Addition	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2016	As At 01.04.2015	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2016	As at 31.03.2015	As at 31.03.2016	
GRAND TOTAL (I) + (II)		**140,90,357.28**	**35,66,428.78**	**41.96**	**167.48**	**176,56,660.54**	**6,462.96**	**870.43**	**22.06**	**138.04**	**7,217.40**	**123,09,439.31**	**176,49,443.14**	**612.58**
PREVIOUS YEAR:		**123,15,344.64**	**17,75,154.80**	**41.11**	**183.28**	**140,90,357.28**	**5,905.33**	**683.27**	**17.47**	**143.11**	**6,462.96**	**123,09,439.31**	**140,83,894.32**	**612.58**

ANNEXURE-IV (c)

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES FY 2015

(Rs. In Lacs)

SCHEDULE 5	GROSS BLOCK					Depreciation						NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	Rate of Deprecia-tion	As at 1.4.2014	Addition	Adjusted/ Deducted (+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2015	As At 01.04.2014	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2015
LAND FREEHOLD	NIL	73.63	-	-	-	73.63	-	-	-	-	-	73.63	73.63	1.23
LAND LEASEHOLD	NIL	426.37	800.18	-	-	1,226.55	-	-	-	-	-	426.37	1,226.55	32.43
BUILDINGS	5%	2,294.91	-	-	-	2,294.91	1,112.27	60.86	-	-	1,173.12	1,182.64	1,121.78	262.83
STAFF QUARTERS	5%	-				-	-				-	-	-	103.91
ROADS & BRIDGES	5%	-				-	-				-	-	-	-
COMPUTERS & EDP	60%	2,975.36	726.56	23.19	154.88	3,570.22	2,756.89	383.41	12.70	131.87	3,021.13	218.47	549.09	75.61
LABORATORY & SURVEY EQUIPMENT	25%	0.54	0.37	-	-	0.91	0.54	0.09	-	-	0.64	-	0.28	0.26
FURNITURE, FITTINGS & ELECTRICAL INSTALLTION	10%	1,644.05	69.10	11.95	18.22	1,706.89	816.24	103.48	2.62	5.54	916.80	827.81	790.09	69.21
MOTOR VEHICLES	20%	6.71	-	-	-	6.71	5.30	0.28	-	-	5.59	1.41	1.13	-
AIR CONDITIONERS / HEATERS	25%	498.22	11.98	1.00	3.19	508.00	456.27	13.93	0.02	1.60	468.61	41.95	39.39	16.63
OFFICE EQUIPMENT	25%	943.11	296.89	4.98	6.99	1,237.99	757.82	121.23	2.13	4.10	877.08	185.29	360.91	50.47
SUB TOTAL: I		**8,862.91**	**1,905.07**	**41.11**	**183.28**	**10,625.81**	**5,905.33**	**683.27**	**17.47**	**143.11**	**6,462.96**	**2,957.58**	**4,162.85**	**612.58**
CAPITAL WORK IN PROGRESS		12,247,666.10	16,98,326.15			1,39,45,992.26						12,247,666.10	1,39,45,992.26	

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	**Rate of Deprecia-tion**	**As at 1.4.2014**	**Addition**	**Adjusted/ Deducted (+)**	**Adjusted/ Deducted (-)**	**Total cost as at 31.3.2015**	**As At 01.04.2014**	**For the year**	**Adjusted/ Deducted(+)**	**Adjusted/ Deducted (-)**	**Total Depreciation upto 31.3.2015**	**As at 31.03.2014**	**As at 31.03.2015**	**As at 31.03.2015**
Add: Interest/ other expenses on 54EC Bond Issue (deficit transfer to CWIP as per contra Sch-3)		384,794.21	52,525.31			4,37,319.52						384,794.21	4,37,319.52	
Add: Tax Free Bond Exps-Recurring		364.55	235.31			599.86						1,22,47,666.10	1,39,45,992.26	
Add: Tax Free Bond Issue Expenses		(4,864.59)	504.15			(4,360.44)						3,84,794.21	4,37,319.52	
Add: Interest on Tax Free Bonds		1,97,919.45	1,24,822.65			3,22,742.09						364.55	599.86	
Add: Interest on G.O.I. Loan		1,52,572.83	-			1,52,572.83						(4,864.59)	(4,360.44)	
Add: Net Establishment Expenses. transferred to CWIP (from P&L A/c)		38,321.27	20,643.43			58,964.69						1,97,919.45	3,22,742.09	
Less: CAPITAL RESERVE		(66,770.64)	(10,769.86)			(77,540.51)						1,52,572.83	1,52,572.83	
Less: Interest. on Unutilized Capital		(6,43,521.44)	(1,13,037.40)			(7,56,558.84)						38,321.27	58,964.69	
SUB TOTAL: II		**1,23,06,481.73**	**17,73,249.73**	-	-	**1,40,79,731.46**						(66,770.64)	(77,540.51)	
Less :- Expenditure on Completed Projects awaiting Capitalization/														

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	Rate of Deprecia-tion	As at 1.4.2014	Addition	Adjusted/ Deducted (+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2015	As At 01.04.2014	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2015
Transfer														
Balance Capital Work in Progress														
GRAND TOTAL (I) + (II)		**1,23,15,344.64**	**17,75,154.80**	**41.11**	**183.28**	**1,40,90,357.28**	**5,905.33**	**683.27**	**17.47**	**143.11**	**6,462.96**	**1,23,09,439.31**	**1,40,83,894.32**	**612.58**
PREVIOUS YEAR:		**1,06,52,593.90**	**17,04,107.70**	**87.81**	**41,444.76**	**1,23,15,344.64**	**5,592.43**	**462.37**	**32.82**	**182.29**	**5,905.33**	**1,06,47,001.46**	**1,23,09,439.31**	**612.58**

ANNEXURE-IV (b)

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES FY 2014

(Rs. In Lacs)

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	Rate of Deprecia-tion	As at 1.4.2013	Addition	Adjusted/ Deducted (+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2014	As At 01.04.2013	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2014	As at 31.03.2013	As at 31.03.2014	
LAND FREEHOLD	NIL	73.63	-	-	-	73.63	-	-	-	-	-	73.63	73.63	1.23
LAND LEASEHOLD	NIL	426.37	-	-	-	426.37	-	-	-	-	-	426.37	426.37	32.43
BUILDINGS	5%	2,294.91	-	-	-	2,294.91	1,048.26	64.01	-	-	1,112.27	1,246.65	1,182.64	262.83
STAFF QUARTERS	5%	-	-	-	-	-	-	-	-	-	-	-	-	103.91
ROADS & BRIDGES	5%	-	-	-	-	-	-	-	-	-	-	-	-	-
COMPUTERS & EDP	60%	2,803.05	321.25	42.77	191.71	2,975.36	2,692.74	205.72	27.04	168.62	2,756.89	110.31	218.47	75.61
LABORATORY & SURVEY EQUIPMENT	25%	0.54	-	-	-	0.54	0.54	-	-	-	0.54	-	-	0.26
FURNITURE, FITTINGS & ELECTRICAL INSTALLTION	10%	1,589.06	55.46	36.08	36.54	1,644.05	701.20	115.29	3.34	3.59	816.24	887.86	827.81	69.21
MOTOR VEHICLES	20%	6.71	-	-	-	6.71	4.95	0.35	-	-	5.30	1.76	1.41	-
AIR CONDITIONERS / HEATERS	25%	486.59	12.36	0.53	1.25	498.22	442.13	14.88	0.41	1.16	456.27	44.45	41.95	16.63
OFFICE EQUIPMENT	25%	889.19	61.91	8.44	16.42	943.11	702.61	62.11	2.03	8.93	757.82	186.58	185.29	50.47
SUB TOTAL: I		**8,570.05**	**450.97**	**87.81**	**245.92**	**8,862.91**	**5,592.43**	**462.37**	**32.82**	**182.29**	**5,905.33**	**2,977.62**	**2,957.58**	**612.58**
CAPITAL WORK IN PROGRESS		10,587,508.37	1,660,157.74			12,247,666.10						10,587,508.37	12,247,666.10	

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	Rate of Deprecia-tion	As at 1.4.2013	Addition	Adjusted/ Deducted (+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2014	As At 01.04.2013	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2014	As at 31.03.2013	As at 31.03.2014	
Add: Interest/ other expenses on 54EC Bond Issue (deficit transfer to CWIP as per contra Sch-3)		336,664.96	48,129.25			384,794.21						336,664.96	384,794.21	
Add: Tax Free Bond Exps-Recurring		308.32	56.23			364.55						308.32	364.55	
Add: Tax Free Bond Issue Expenses		(6,129.40)	1,264.81			(4,864.59)						(6,129.40)	(4,864.59)	
Add: Interest on Tax Free Bonds		106,922.63	90,996.82			197,919.45						106,922.63	197,919.45	
Add: Interest on G.O.I. Loan		151,699.97	872.85			152,572.83						151,699.97	152,572.83	
Add: Net Establishment Expenses. transferred to CWIP (from P&L A/c)		60,144.28	19,375.83	-	41,198.84	38,321.27						60,144.28	38,321.27	
Less: CAPITAL RESERVE		(51,163.37)	(15,607.28)			(66,770.64)						(51,163.37)	(66,770.64)	
Less: Interest. on Unutilized Capital		(541,931.92)	(101,589.52)			(643,521.44)						(541,931.92)	(643,521.44)	
SUB TOTAL: II		**10,644,023.84**	**1,703,656.73**	**-**	**41,198.84**	**12,306,481.73**						**10,644,023.84**	**12,306,481.73**	
Less :- Expenditure on Completed Projects awaiting Capitalization/		**6,928,044.12**				**7,872,784.93**						**6,928,044.12**	**7,872,784.93**	

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	Rate of Deprecia-tion	As at 1.4.2013	Addition	Adjusted/ Deducted (+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2014	As At 01.04.2013	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2014	As at 31.03.2013	As at 31.03.2014	
Transfer														
Balance Capital Work in Progress		**3,715,979.72**				**4,433,696.80**						**3,715,979.72**	**4,433,696.80**	
GRAND TOTAL (I) + (II)		**10,652,593.9**	**1,704,107.7**	**87.81**	**41,444.76**	**12,315,344.64**	**5,592.43**	**462.37**	**32.82**	**182.29**	**5,905.33**	**10,647,001.46**	**12,309,439.31**	**612.58**
PREVIOUS YEAR:		**9,252,616.65**	**1,399,988.65**	**161.08**	**172.48**	**10,652,593.90**	**5,298.41**	**379.16**	**55.19**	**140.33**	**5,592.43**	**9,247,318.24**	**10,647,001.46**	**612.58**

Note :- Capital work in progress as at 31.03.2014 includes 'Grant paid under BOT Toll Projects' amounting to `Rs. 8729.10 crore out of which an amount of `Rs. 3675.57 crore represent Grants paid in respect of completed projects has been shown as part of 'Expenditure on completed projects awaiting Capitalisation/Transfer'.

ANNEXURE-IV (a)

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES FY 2013

(Rs. In Lacs)

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	Rate of Deprecia-tion	As at 1.4.2012	Addition	Adjusted/ Deducted (+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2013	As At 01.04.2012	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2013	As at 31.03.2012	As at 31.03.2013	
LAND FREEHOLD	NIL	73.63	-	-	-	73.63	-	-	-	-	-	73.63	73.63	1.23
LAND LEASEHOLD	NIL	342.24	-	84.13		426.37	-	-	-	-	-	342.24	426.37	32.43
BUILDINGS	5%	2,294.91	-	-	-	2,294.91	982.64	65.61	-	-	1,048.26	1,312.26	1,246.65	262.83
STAFF QUARTERS	5%	-	-	-	-	-	-	-	-	-	-	-	-	103.91
ROADS & BRIDGES	5%	-	-	-	-	-	-	-	-	-	-	-	-	-
COMPUTERS & EDP	60%	2,738.95	130.52	56.86	123.27	2,803.05	2,627.00	126.21	45.15	105.62	2,692.74	111.95	110.31	75.61
LABORATORY & SURVEY EQUIPMENT	25%	0.54	-	-	-	0.54	0.50	0.05	-	-	0.54	0.05	-	0.26
FURNITURE, FITTINGS & ELECTRICAL INSTALLTION	10%	1,452.64	138.58	15.32	17.48	1,589.06	590.65	111.70	6.33	7.48	701.20	861.99	887.86	69.21
MOTOR VEHICLES	20%	24.04	-	-	17.32	6.71	19.36	0.93	-	15.35	4.95	4.67	1.76	-
AIR CONDITIONERS / HEATERS	25%	478.32	8.27	1.33	1.33	486.59	426.76	15.37	0.96	0.96	442.13	51.55	44.45	16.63
OFFICE EQUIPMENT	25%	815.48	83.33	3.44	13.06	889.19	651.49	59.29	2.75	10.92	702.61	163.99	186.58	50.47
SUB TOTAL: I		**8,220.76**	**360.69**	**161.08**	**172.48**	**8,570.05**	**5,298.41**	**379.16**	**55.19**	**140.33**	**5,592.43**	**2,922.35**	**2,977.62**	**612.58**
CAPITAL WORK IN PROGRESS		9,198,538.34	1,388,970.03			10,587,508.37						9,198,538.34	10,587,508.37	

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset	Rate of Deprecia-tion	As at 1.4.2012	Addition	Adjusted/ Deducted (+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2013	As At 01.04.2012	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2013	As at 31.03.2012	As at 31.03.2013	
Add: Interest/ other expenses on 54EC Bond Issue (deficit transfer to CWIP as per contra Sch-3)		296,070.64	40,594.32			336,664.96						296,070.64	336,664.96	
Add: Tax Free Bond Exps-Recurring		144.47	163.85			308.32						144.47	308.32	
Add: Tax Free Bond Issue Expenses		(6,737.62)	608.22			(6,129.40)						(6,737.62)	(6,129.40)	
Add: Interest on Tax Free Bonds		24,706.80	82,215.82			106,922.63						24,706.80	106,922.63	
Add: Interest on G.O.I. Loan		142,122.78	9,577.19			151,699.97						142,122.78	151,699.97	
Add: Net Establishment Expenses. transferred to CWIP (from P&L A/c)		43,826.01	16,318.27	-	-	60,144.28						43,826.01	60,144.28	
Less: CAPITAL RESERVE		(43,531.51)	(7,631.85)			(51,163.37)						(43,531.51)	(51,163.37)	
Less: Interest. on Unutilized Capital		(410,744.02)	(131,187.90)			(541,931.92)						(410,744.02)	(541,931.92)	
SUB TOTAL: II		**9,244,395.89**	**1,399,627.96**	-	-	**10,644,023.84**						**9,244,395.89**	**10,644,023.84**	
Less :- Expenditure on Completed Projects awaiting		4,981,350				6,928,044						4,981,350	6,928,044	

SCHEDULE 5	GROSS BLOCK						Depreciation					NET BLOCK		
Description of Asset	Rate of Deprecia-tion	As at 1.4.2012	Addition	Adjusted/ Deducted (+)	Adjusted/ Deducted (-)	Total cost as at 31.3.2013	As At 01.04.2012	For the year	Adjusted/ Deducted(+)	Adjusted/ Deducted (-)	Total Depreciation upto 31.3.2013	As at 31.03.2012	As at 31.03.2013	ASSETS CREATED OUT OF GRANT
Capitalization/ Transfer														
Balance Capital Work in Progress		4,263,046				3,715,980						4,263,046	3,715,980	
GRAND TOTAL (I) + (II)		**9,252,617**	**1,399,989**	**161**	**172**	**10,652,594**	**5,298**	**379**	**55**	**140**	**5,592**	**9,247,318**	**10,647,001**	**613**
PREVIOUS YEAR:		**7,924,248**	**1,328,416**	**58**	**106**	**9,252,617**	**4,871**	**464**	**14**	**50**	**5,298**	**7,919,378**	**9,247,318**	**613**

Note :- Capital work in progress as at 31.03.2013 includes 'Grant paid under BOT Toll Projects' amounting to Rs. 6861.54 crore out of which an amount of Rs. 2897.49 crore represent Grants paid in respect of completed projects has been shown as part of 'Expenditure on completed projects awaiting Capitalization/Transfer'.

ANNEXURE- IV SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lacs)

Particulars	AS AT MARCH 31				
	2017	2016	2015	2014	2013
SCHEDULE - 6					
Investment (At cost)					
i) Government Securities		-	-		-
ii) Other than Govt. Securities(Nature to be specified)		-	-		-
4500000 Equity Shares of Rs.10 each in M/s Moradabad Toll Road Co. Ltd. acquired from M/s UPSBCL in 2009-10 at a cost of Rs.6,85,88,305/-	3,235.88	3,235.88	3,235.88	3,235.88	3,235.88
iib) 6000000 Equity Shares of Rs.10 each fully paid-up in M/s Gujarat National Highways Ltd.		-	-		-
iic) Equity shares of Rs.10 each fully paid-up in each of the following subsidiary companies		-	-		-
a) Ahmedadabad-Vadodara Expressway Co. Ltd. (31,28,50,000 equity shares)	31,285.00	31,285.00	31,285.00	3,1285.00	31,285.00
b) Mumbai-JNP Port Road Co. Ltd. (9,96,60,007 equity shares)	9,966.00	9,966.00	9,966.00	9,705.00	9,705.00
c) Mormugao Port Road Co. Ltd. (7,47,00,000 equity shares)	7,470.00	4,350.00	4,350.00	4,350.00	4,350.00
d) Visakhapatnam Port Road Co. Ltd. (3,87,00,007 equity shares)	3,870.00	1,870.00	1,870.00	1,870.00	1,870.00
e) Calcutta-Haldia Port Road Co. Ltd.(15,66,00,007 equity shares) of Rs. 10 each and 1,60,00,000 equity shares of Rs. 10 each at a premium of Rs. 15 each	19,660.00	15,660.00	15,660.00	6,921.00	6,921.00
f) Chennai-Ennore Port Road Co. Ltd. (13,98,00,007 equity shares)	13,980.00	13,980.00	13,980.00	11.305.00	11,305.00
g) Cochin Port Road Co. Ltd. (5,79,00,000 equity shares)	5,790.00	5,790.00	4,480.00	4,480.00	4,480.00
h) Tuticorin Port Road Co. Ltd.(9,87,00,000 equity shares)	9,870.00	9,870.00	9,870.00	9,870.00	6,936.00
i) Paradeep Port Road Co. Ltd.(15,00,00,000 equity shares)	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
j) New Mangalore Port Road Co. Ltd.(9,89,50,000 equity shares)	9,896.00	9,896.00	5,895.00	5,895.00	5,895.00
k) M/s Indian Highways Management Co. Ltd (75,00,000 equity shares)	750.00	750.00			
iii) Application money (Pending Allotment) in respect of 1,31,00,000 Share of Rs. 10 each in Cochin Port Road Co. Ltd.			1,310.00	1,310.00	1,310.00
iv) Application money (Pending Allotment) in respect of 12, 99,					

Particulars		AS AT MARCH 31			
	2017	2016	2015	2014	2013
50,000 Share of Rs. 10 each in Paradeep Port Road Co. Ltd.	-	-	-	-	-
v) Application money (Pending Allotment) in respect of 4, 93, 10,000 Share of Rs. 10 each in Tuticorin Port Road Co. Ltd.	-	-	-	-	2,934.00
vi) Application money (Pending Allotment) in respect of 26,10,000 Share of Rs. 10 each in Mumbai- JNP Port Road Co. Ltd				261.00	261.00
vii) Application money (Pending Allotment) in respect of 4,34,49,993 Share of Rs. 10 each in Mormugao Port Road Co. Ltd	-	-	-	-	-
viii) Application money (Pending Allotment) in respect of 2,40,00,000 Share of Rs. 10 each in Chennai-Ennore Port Road Co. Ltd.				2,675.00	2,675.00
ix) Application money (Pending Allotment) in respect of 8,73,90,000 Share of Rs. 10 each in Calcutta Haldia Port Road Co. Ltd.				8,739.00	8,739.00
x) Application money (Pending Allotment) in respect of 36,50,000 Share of Rs. 10 each in Vishakhapatnam Port Road Co. Ltd.	-	-	-	-	-
xi) Application money (Pending Allotment) in New Mangalore Port Road Co. Ltd.	497.00		4,001.00	4,001.00	2,945.00
xi) Application money (Pending Allotment) in respect of 72,21,159 Shares of Rs. 10 each in Indian Highways Management Co. Ltd			722.12		
Less: Provision for Diminution in the value of investment in AVEXCL, CPRCL & MTRCL	(40,310.88)				
Total (Schedule 6)	**76,229.00**	**1,06,922.89**	**1,21,625.00**	**120,902.89**	**119,846.89**
SCHEDULE - 7					
Current Assets, Loans & Advances					
Inventories (As taken, valued & certified by the management)					
i) Tools	-	-	-	-	-
ii) Stores & Spares (at cost including in transit)	-	-	-	-	-
iii) construction Stores/Materials	-	-	-	-	-
iv) Work-in-progress (mode of valuation to be stated)	-	-	-	-	-
Sub Total (a)	-	-	-	-	-
Sundry Debtors					
Secured	-	-	-	-	-
(Specify separately more than six months and less than six months)					
Unsecured	-	-	-	-	-
Considered good (Specify					

Particulars	2017	AS AT MARCH 31 2016	2015	2014	2013
separately more than six months)					
Sub Total (b)	-	-	-	-	-
Deposits, Loans & Advances					
i) Deposits	-	-	-	-	-
ii) Advances to Staff	110.79	107.09	78.67	100.42	102.14
iii) Advances to Contractors / Consultants	-	-	-	-	-
a) Mobilization Advance	2,76,811.69	2,15,093.76	76,376.64	23,716.26	20,383.69
b) Material Advance	4,417.53	5,917.91	6,044.57	7,498.48	6,413.92
iv) a) Advance against deposit works	60,441.51	58,118.84	54,107.30	54,018.63	53,101.48
b) Advance for maintenance of highways	23,097.14	25,337.53	22,152.82	18,011.67	16,638.78
v) Advances to Suppliers	7,126.28	6,465.10	136.40	140.10	188.73
vi) Claims recoverable	2,61,751.97	1,87,738.06	1,63,820.46	86,429.79	62,396.73
vii) Prepaid expenses	58.16	6.02	9.67	27.88	40.30
viii) Advance Others	55,970.13	36,402.97	29,378.49	25,498.78	18,375.50
ix) Security deposits & retention money	98,094.88	71,248.34	50,569.05	34,495.98	28,710.00
x) Advance rent	8.42	5.06	1.59	0.74	24.35
xi) Recoverable from Subsidiary Companies	179.08	2,279.60	1,224.58	-	-
xii) Loan to Subsidiary Companies	1,97,287.15	1,88,189.60	1,69,121.27	152,984.32	138,053.88
xiii) Recoverable on account of Eastern Peripheral Expressway)	3,99,003.84	1,77,758.18	1,25,552.97	119,413.15	113,899.44
xiv) 1. Un-disbursed balance with various CALA A/c	1,43,827.90	15,90,806.74	7,13,574.26	462,334.08	365,370.47
2. Un-disbursed balance with various CALA A/c	14,11,156.03	-	-	-	-
xv) Recoverable from MORTH	3,37,882.06	-	-	-	-
xvi)Loan to contractor/consultant/ others	18,095.63	12,356.25	14,475.46	13,409.24	12,553.15
xvi) Loan to concessionaire for BOT Durg Bypass				-	74.28
Sub Total (c)	**32,95,320.19**	**25,77,831.04**	**14,26,624.21**	**998,079.50**	**836,326.85**
Interest accrued but not due on deposits	**1,399.71**	**2,826.98**	**4,402.19**	**12,598.83**	**28,848.21**
Interest accrued but not due on CALA deposits	**52,628.05**	**59,569.52**	**34,975.69**	**25,226.27**	**17,373.81**
Cash & Bank balances					
i) Cash & Cheques in hand including stamps.	0.38	3.75	3.77	3.49	3.07
ii) Balances with Scheduled Banks					
- On deposits accounts (incl. interest accrued & due)	25,882.86	6,00,372.95	1,68,506.10	844,177.66	593,359.06
- On current accounts	8,11,682.59	73,702.37	98,690.56	42,580.02	179,641.48

Particulars		AS AT MARCH 31			
	2017	2016	2015	2014	2013
iii) Balances with Non scheduled banks					
- On deposits accounts (incl. interest accrued)	-	-	-	-	-
iv) Remittance in transit	114.43	0.64	34.80	219.59	2.50
Sub Total (d)	**8,37,680.26**	**6,74,079.72**	**2,67,235.23**	**886,980.76**	**773,006.11**

ANNEXURE- IV

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lacs)

PARTICULARS	AS AT MARCH 31				
	2017	2016	2015	2014	2013
SCHEDULE - 8					
Current Liabilities					
i) Liabilities for sundry creditors		0	0	0	0
ii) Other liabilities	10,63,444.38	6,64,218.75	5,73,847.95	569,325.94	472,952.18
iii) Un-utilized Grant					
iv) Deposits held on account of others (if applicable)		0	0		0
a) Employees		0	0		0
b) Sundry parties	1,24,329.65	35,694.54	41,633.67	48,211.60	44,349.67
c) Contractors	1,62,101.91	1,22,846.05	93,961.25	90,245.18	97,201.48
d) Un-disbursed balance 1) With Various CALA A/c	1,43,827.90	15,90,806.74	7,13,574.26	462,334.08	365,370.47
2) Central SBI CALA A/c	14,11,156.03				
e) Eastern Peripheral Expressway	80,025.00	80,025.00	80,025.00	80,025.00	80,025.00
v) Payable to GOI (upto 31.03.2010)		0	0	0	0
va) On Toll Collections					
vb) Interest on Toll Collection					
vc) Others					
vd) less: recoverable-Toll Plaza					
ve) Grant for Maintenance of highways					
vf) less: Expenditure on Maintenance of Highways					
vg) Less: Others					

PARTICULARS	AS AT MARCH 31				
	2017	2016	2015	2014	2013
vh) Negative Grant -Transferred from Schedule-2					
Excess of expenditure on Maintenance of Highways over maintenance grant/ toll collection					
vi) Payable to GOI w.e.f. 01.04.2010					
via) Toll Revenue, Shared Revenue, Negative Grant, etc.	1,98,522.57	1,40,917.72	1,21,994.00	49,145.08	23,090.84
vib) Other Receipts	3,691.38	1,689.70	2,376.56	1,793.43	873.44
vii) Payable to Subsidiary Companies				5,198.74	3,527.20
Total (Schedule 8)	**31,87,098.887**	**31,87,098.88**	**26,36,198.49**	**1,306,279.04**	**1,087,390.28**
SCHEDULE - 9					
Provisions					
i) Provisions for taxes					
ii) Provisions for gratuity	2,104.20	1,792.48	1,519.18	1,165.24	930.83
iii) Provisions for Leave Salary	2,007.65	1,888.72	1,552.12	1,232.47	958.66
iv) Other provisions	8.31				
Total (Schedule 9)	**4,120.15**	**3,681.20**	**3,071.31**	**2,397.71**	**1,889.49**
SCHEDULE - 10					
Misc. Expenditure to the extent not written off.					
Total (Schedule 10)					

ANNEXURE- V

SCHEDULES TO THE REFORMATTED PROFIT AND LOSS ACCOUNT

(Rs. In Lacs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31				
	2017	**2016**	**2015**	**2014**	**2013**
SCHEDULE – 11					
Other Income	-	-	-	-	-
Sale of Tender Documents	1,220.07	1,201.93	1,587.38	937.17	1,411.69
Project Development Fee/Liquidated Damages	-	-	-	-	-
Encashment of Bank Guarantee	-	-	-	-	-
Agency charges	-	-	-	-	-
Fee for other services	76.15	62.66	69.27	53.51	65.98
Toll Charges	-	-	-	-	-
Gain in exchange	-	-	-	-	-
Profit on sale of assets	2.77	3.55	8.33	9.27	1.43
Misc. Receipts	54.36	25.22	29.85	94.18	62.16
Total (Schedule 11)	**1,353.35**	**1,293.36**	**1,694.84**	**1,094.13**	**1,541.27**
SCHEDULE - 12					
Interest (Gross)	-	-	-	-	-
From banks on deposits	-	-	-	-	-
From employees on advances	1.06	0.88	1.18	1.11	1.54
From others		-		0.02	-
Total (Schedule 12)	**1.06**	**0.88**	**1.18**	**1.13**	**1.54**

ANNEXURE- V

SCHEDULES TO THE REFORMATTED PROFIT AND LOSS ACCOUNT

(RS. In Lacs)

SL.Nos.	PARTICULARS	FOR THE YEAR ENDED MARCH 31				
		2017	2016	2015	2014	2013
	SCHEDULE – 13					
	Net Increase/Decrease in Work-in- progress					
	Closing Stock	-	-	-	-	-
	Work-in-progress	-	-	-	-	-
	Less: Opening Stock	-	-	-	-	-
	Work-in-progress	-	-	-	-	-
	Net Increase/Decrease	-	-	-	-	-
	Total (Schedule 13)	-	-	-	-	-
	SCHEDULE - 14 - WORKS EXPENSES					
a.	**Work Expenses etc.**					
	Electricity Power & Fuel	-	-	-	-	-
	Survey Expenses	-	-	-	-	-
	Consultancy Expenses	-	-	-	-	-
	Payment to Contractor	-	-	-	-	-
	Escalation claims	-	-	-	-	-
	Sub Total (a)	-	-	-	-	-
b.	**Repair & Maintenance**					
	Roads & Bridges	-	-	-	-	-
	Less : Transfer from Grant A/C	-	-	-	-	-
	Buildings	-	-	-	-	-
	Plant, Machinery & Equipment	-	-	-	-	-
	Sub Total (b)	-	-	-	-	-
c.	**Others**					
	Insurance:-	-	-	-	-	-
	Technical studies & consultancy charges	-	-	-	-	-
	Research & Development expenses	-	-	-	-	-
	Others	-	-	-	-	-
	Sub Total (c)	-	-	-	-	-
	Total (Schedule 14)	-	-	-	-	-

ANNEXURE- V

SCHEDULES TO THE REFORMATTED PROFIT AND LOSS ACCOUNT

(RS. In Lacs)

SL.Nos.	PARTICULARS	FOR THE YEAR ENDED MARCH 31				
		2017	2016	2015	2014	2013
	SCHEDULE – 15					
	Personnel & Other administrative expenses,					
	salaries wages & other staff benefit					
	Salaries Allowances Other than Chairman/Members	10,485.47	9,467.63	9,195.47	8,712.02	7,549.74
	Salaries Allowances Chairman/Members	162.99	82.18	125.04	115.84	56.99
	Salaries, Wages, allowances & bonus					
	Workmen staff welfare expenses	1,825.93	1,506.79	1,473.34	1,402.13	1,295.78
	(Details of salaries, allowances, bonus, welfare					
	expenses incurred on Members/Chairman)					
	Contribution to :					
	Provident Fund	674.56	581.49	513.15	447.55	316.28
	Pension & Leave Salary	791.25	803.66	747.53	811.73	649.73
	Gratuity	317.28	293.59	402.41	267.15	224.99
	Rent for office accommodation	1,204.75	1,042.42	1,013.81	873.16	729.76
	Rates and Taxes	26.39	11.57	24.06	19.34	15.71
	Repairs & maintenance	669.59	719.07	559.67	505.27	466.93
	Insurance	8.59	6.12	5.66	11.88	13.04
	Honoraria fee and other professional charges	1,263.67	478.26	459.01	364.76	269.17
	Agency & Commission charges					
	Travelling expenses, Conveyance	3,268.32	2,493.50	2,254.30	2266.07	2,070.02
	Printing & Stationery	376.58	268.45	256.60	235.41	246.79
	Postage & communications	516.85	504.43	488.93	377.07	418.39
	Advertisement & publicity	930.23	596.33	149.06	77.78	352.35
	Remuneration to Auditors-C&AG	349.60	314.78	285.89	268.45	211.36
	Other Revenue Expenses	4,409.55	3366.82	2,845.82	2,541.23	1,962.75
	Misc. Expenses	0.45	3,366.82			
	Total (Schedule 15)	**27,282.06**	**22,537.20**	**20,799.86**	**19,296.86**	**16,849.76**
	SCHEDULE - 16 FINANCE CHARGES					

SL.Nos.	PARTICULARS	FOR THE YEAR ENDED MARCH 31				
		2017	2016	2015	2014	2013
i)	Interest					
	On over draft	-	-	-	-	-
	On Loans from banks	-	-	-	-	-
	On Tax deducted at Source	11.69	5.40	1.17	2.59	0.11
	On Tax	-	-	-	-	-
	On Bonds/Debentures	-	-	-	-	-
	On Loans from Govt. of India	-	-	-	-	-
ii)	Discounting Charges	-	-	-	-	-
iii)	Guarantee Commission/Bank charges	3.02	2.36	6.01	9.01	10.87
iv)	Bond Issue Expenses					
	Total (Schedule 16)	**14.71**	**7.76**	**7.18**	**11.60**	**10.98**
	SCHEDULE – 17					
	Prior Period Adjustments					
	Prior period income (Debit)	46.49	8.17	(28.67)	(0.36)	3.20
	Prior period Expenses (Debit)	1,089.34	738.84	860.98	679.82	603.27
	Total (Schedule 17)	**1,135.83**	**747.01**	**832.30**	**679.45**	**606.47**

ANNEXURE-VI

18. Significant Accounting Policies

1. Basis of Accounting

The financial statements are generally prepared under the historical cost conventions and on accrual basis, unless indicated otherwise.

2. Capital

FY 2016-2017

Funds are provided by the Government of India for strengthening the Capital Base through:-

i) Allocation of a portion of Cess on diesel & petrol for the national highways out of the Central Road Fund.
ii) Additional budgetary support for NHDP and other specific projects.
iii) Plough-back of toll remittances, shared revenue and negative grants.

FY 2015-2016

Funds provided by the Government of India (i) to strengthen the Capital Base, (ii) through allocation of a portion of Cess on diesel & petrol for the national highways out of the Central Road Fund and (iii) additional budgetary support for NHDP, specific projects as well as plough-back of toll remittances, are accounted as capital.

FY 2014-2015

i. Funds provided by the Government of India (i) to strengthen the Capital Base, (ii) through allocation of a portion of Cess on diesel & petrol for the national highways out of the Central Road Fund and (iii) additional budgetary support for NHDP, specific projects as well as plough-back of toll remittances, are accounted as capital.

FY 2013-2014

ii. Funds provided by the Government of India (i) to strengthen the Capital Base, (ii) through allocation of a portion of Cess on diesel & petrol for the national highways out of the Central Road Fund and (iii) additional budgetary support for NHDP, specific projects as well as plough-back of toll remittances, are accounted as capital.

iii. Cess funds are utilized for projects falling under the National Highway Development Project (NHDP), including counterpart financing of Externally Aided Projects under NHDP, and for payment of capital grants (viability gap funding) to Concessionaire. Plough-back of toll remittances are utilized for meeting the expenditure on maintenance of highways (in excess of maintenance grant received from GoI), expenditure on toll collection activities, repayment of GoI/ADB (Direct) loan with interest and for development of highways (payment of annuities). Funds received as additional budgetary support are also utilized for NHDP, unless otherwise prescribed by the Government.

iv. Capital Base funds are generally utilized for projects, other than NHDP, including on port connectivity.

FY 2012 -2013

v. Funds provided by the Government of India (i) to strengthen the Capital Base, (ii) through allocation of a portion of Cess on diesel & petrol for the national highways out of the Central Road Fund and (iii) additional budgetary support for NHDP, specific projects as well as plough-back of toll remittances, are accounted as capital.

vi. Cess funds are utilized for projects falling under the National Highway Development Project (NHDP), including counterpart financing of Externally Aided Projects under NHDP, and for payment of capital grants (viability gap funding) to Concessionaire. Plough-back of toll remittances are utilized for meeting the expenditure on maintenance of highways (in excess of maintenance grant received from GoI), expenditure on toll collection activities, repayment of GoI/ADB (Direct) loan with interest and for development of highways (payment of annuities). Funds received as additional budgetary support are also utilized for NHDP, unless otherwise prescribed by the Government.

vii. Capital Base funds are generally utilized for projects, other than NHDP, including on port connectivity

3. Capital Grant

FY 2016-2017

i. External Assistance (EA), other than loans, provided by the Government of India to execute various externally Aided Projects is accounted for as Capital Grant.

ii. Fixed assets created out of the grant are not subjected to depreciation and accordingly, the full value of the fixed assets is shown as a deduction from the amount of grant or the amount of grant is shown as a deduction from the value of the fixed assets, as the case may be.

iii. Interest earned on the unutilized grant is credited to the Capital Grant account.

FY 2015-2016

i. External Assistance (EA), other than loans, provided by the Government of India to execute various externally Aided Projects is accounted for as Capital Grant.

ii. Fixed assets created out of the grant are not subjected to depreciation and accordingly, the full value of the fixed assets is shown as a deduction from the amount of grant or the amount of grant is shown as a deduction from the value of the fixed assets, as the case may be.

iii. Interest earned on the unutilized grant is credited to the Capital Grant account.

From FY 2012-13

(i) Capital Grant received from GoI is treated as part of shareholder’s fund/promoter’s capital and directly classified under capital.
(ii) Fixed asset created out of grant is treated as normal asset and is be subject to depreciation.
(iii) Interest, if any, earned on grant is capitalized.
(iv) Revenue expenditure out of grant is treated as normal revenue expenditure.

FY 2014-2015

i. External Assistance (EA), other than loans, provided by the Government of India to execute various externally Aided Projects is accounted for as Capital Grant

ii. Fixed assets created out of the grant are not subjected to depreciation and accordingly, the full value of the fixed assets is shown as a deduction from the amount of grant or the amount of grant is shown as a deduction from the value of the fixed assets, as the case may be.

iii. Interest earned on the unutilized grant is credited to the Capital Grant account.

From FY 2012-13

(i) Capital Grant received from GoI is treated as part of shareholder’s fund/ promoter’s capital and directly classified under capital.

(ii) Fixed asset created out of grant is treated as normal asset and is be subject to depreciation.

(iii) Interest, if any, earned on grant is capitalized.

Revenue expenditure out of grant is treated as normal revenue expenditure.

FY 2013-2014

i. External Assistance (EA), other than loans [see 4(ii) below], provided by the Government of India to execute various externally Aided Projects is accounted for as Capital Grant.

ii. Fixed assets created out of the grant are not subjected to depreciation and accordingly, the full value of the fixed assets is shown as a deduction from the amount of grant or the amount of grant is shown as a deduction from the value of the fixed assets, as the case may be.

iii. Interest earned on the unutilized grant is credited to the Capital Grant account.

FY 2012 – 2013

iv. External Assistance (EA), other than loans [see 4(ii) below], provided by the Government of India to execute various externally Aided Projects is accounted for as Capital Grant.

v. Fixed assets created out of the grant are not subjected to depreciation and accordingly, the full value of the fixed assets is shown as a deduction from the amount of grant or the amount of grant is shown as a deduction from the value of the fixed assets, as the case may be.

vi. Interest earned on the unutilized grant is credited to the Capital Grant account.

From FY 2012-13

(i) Capital Grant received from GoI is treated as part of share holder's fund/promoter's capital and directly classified under capital.
(ii) Fixed asset created out of grant is treated as normal asset and is be subject to depreciation.
(iii) Interest, if any, earned on grant is capitalized.
(iv) Revenue expenditure out of grant is treated as normal revenue expenditure

4. Land Acquisition

FY 2016-2017

"Land is acquired through Competent Authority (Land Acquisition) for the purpose of National Highways. Compensation, as determined by the Competent Authority, is paid to the Land owners from a separate joint bank account linked to the Central CALA account. Such payments are capitalized at time of transfer of amount to Central CALA account. Interest earned on the undisbursed amount is accounted for on accrual basis and credited to interest on unutilized capital".

FY 2015-2016

"Land, for the purpose of National Highways, is acquired through Competent Authority (Land Acquisition). Compensation, as determined by Competent Authority, is paid to Land owner through a separate joint bank account and directly capitalized. From FY 2012-13 interest earned on the amount of undisbursed compensation is accounted for on accrual basis and credited to interest on unutilized capital. At the time of closing the books undisbursed balances lying in joint bank account are accounted for through a consolidated contra entry".

FY 2014-2015

"Land, for the purpose of National Highways, is acquired through Competent Authority (Land Acquisition). Compensation, as determined by Competent Authority, is paid to Land owner through a separate joint bank account and directly capitalized. From FY 2012-13 interest earned on the amount of undisbursed compensation is accounted for on accrual basis and credited to interest on unutilized capital. At the time of closing the books undisbursed balances lying in joint bank account are accounted for through a consolidated contra entry".

FY 2013-2014

"Land, for the purpose of National Highways, is acquired through Competent Authority (Land Acquisition). Compensation, as determined by Competent Authority, is paid to Land owner through a separate joint bank account and directly capitalized. From FY 2012-13 interest earned on the amount of undisbursed compensation is accounted for on accrual basis and credited to interest on unutilized capital. At the time of closing the books undisbursed balances lying in joint bank account are accounted for through a consolidated contra entry".

FY 2012-2013

"Land, for the purpose of National Highways, is acquired through Competent Authority (Land Acquisition). Compensation, as determined by Competent Authority, is paid to Land owner through a separate joint bank account and directly capitalized. From FY 2012-13 interest earned on the amount of undisbursed compensation is accounted for on accrual basis and credited to interest on unutilized capital. At the time of closing the books undisbursed balances lying in joint bank account are accounted for through a consolidated contra entry".

5. Secured and Unsecured Loans

FY 2016-2017

i. Authority borrows funds under –

(a) Capital Gains Tax Exemption Bonds under Section 54 EC of the Income Tax Act, 1961.

(b) Public issue of Tax free, secured, redeemable, non-convertible bonds under Section 10 (15) (iv) (h) of IT Act 1961.

(c) Taxable bonds for tenure of 5/25/30 years.

These bonds are accounted for under the head 'Secured Loans'. These loans are secured against a flat at Ahmedabad, the highway projects and the superstructures constructed on National Highways, for which the NOC has been issued by the GoI.

ii. Loan from ADB is guaranteed by Government of India.

FY 2015-2016

i. Funds raised against issuance of –

(a) Capital Gains Tax Exemption Bonds under Section 54 EC of the Income Tax Act, 1961
(b) Public issue of Tax free, secured, redeemable, non-convertible bonds under Section 10 (15)(iv) (h) of IT Act 1961

Both these bonds are accounted for under 'Secured Loans' and are secured against a flat at Ahmedabad and the highway projects and the superstructures constructed on National Highways.

ii. ADB loan is guaranteed by Government of India.

FY 2014-2015

i. Funds raised against issuance of –

(c) Capital Gains Tax Exemption Bonds under Section 54 EC of the Income Tax Act, 1961
(d) Public issue of Tax free, secured, redeemable, non-convertible bonds under Section 10 (15)(iv) (h) of IT Act 1961

Both these bonds are accounted for under 'Secured Loans' and are secured against a flat at Ahmedabad and the highway projects and the superstructures constructed on National Highways.

ii. A portion of the loans availed by the Government of India (GoI) from various Multilateral Agencies (like The World Bank, Asian Development Bank etc.) for execution of Externally Aided Projects is passed on by GoI to NHAI as Loan. These loans are reflected under 'Unsecured Loans'.

FY 2013-2014

i. Funds raised against issuance of –

a) Capital Gains Tax Exemption Bonds under Section 54 EC of the Income Tax Act, 1961
b) Public issue of Tax free, secured, redeemable, non-convertible bonds under Section 10 (15)(iv) (h) of IT Act 1961

Both these bonds are accounted for under 'Secured Loans' and are secured against a flat at Ahmedabad and the highway projects and the superstructures constructed on National Highways.

ii. A portion of the loans availed by the Government of India (GoI) from various Multilateral Agencies (like The World Bank, Asian Development Bank etc.) for execution of Externally Aided Projects is passed on by GoI to NHAI as Loan. These loans are reflected under 'Unsecured Loans'. The repayment of the loan along with payment of interest is met out of the plough-back of toll remittances.

iii. Amounts drawn against the overdraft facilities sanctioned by various Banks to meet the project expenditure are accounted for as 'Unsecured Loans'.

FY 2012-2013

i. Funds raised against issuance of –

a) Capital Gains Tax Exemption Bonds under Section 54 EC of the Income Tax Act, 1961
b) Public issue of Tax free, secured, redeemable, non-convertible bonds under Section 10 (15)(iv) (h) of IT Act 1961 are accounted for under 'Secured Loans'. While (a) is secured against a flat at Ahmedabad (b) is secured against flat at Ahmedabad as at (a) above and all the superstructures constructed on it highway projects owned by NHAI.

ii. A portion of the loans availed by the Government of India (GoI) from various Multilateral Agencies (like The World Bank, Asian Development Bank, etc.) for execution of Externally Aided Projects is passed on by GoI to NHAI as Loan. These loans are reflected under 'Unsecured Loans'. The repayment of the loan along with payment of interest is met out of the plough-back of toll remittances.

iii. Amounts drawn against the overdraft facilities sanctioned by various Banks to meet the project expenditure are accounted for as 'Unsecured Loans'.

6. Fixed Assets & Depreciation

FY 2016-2017

1. Fixed Assets received from Government of India (GOI) are recorded at historical cost. In absence of transfer price, the total value of assets entrusted to the Authority by the Government of India (GOI) has not been accounted for / capitalized.

2. Financing charges relating to loans obtained for execution of specific projects till the commissioning of such projects are treated as part of capital work-in progress.

3. Authority being an executing agency of GOI, holds the highways projects developed by it on behalf of GOI, hence, these assets are not depreciated.

4. Depreciation on other fixed assets (like Computer EDP, Furniture, Office equipment etc.) is provided on the basis of written down value (WDV) method as under:Depreciation on fixed assets is provided on the following principles.

i) No depreciation is provided on the assets or the portion of the assets financed out of the capital grant.

ii) An item of asset costing Rs.5000/- or less is charged off to revenue in the year of acquisition/purchase commission/available for use.

Asset with written down value of Rs.5000/- or less as at the beginning of the year is also fully depreciated during the year.

iii) Depreciation is provided at the following rates adopted by the Authority-

Item of Fixed Asset	Rate of Depreciation (%) per annum
• Roads and Bridges	5
• Building	5
• Computers	60
• Furniture & Fixtures and Electrical Fittings & Installations	10
• Motor Vehicles	20
• Air Conditioners & Heaters	25
• Office Equipment	25
• Laboratory and Survey Equipment	25

iv. Depreciation at full rate is charged if the asset is available for/put to use for 180 days or more in the given financial year. Depreciation @ 50% of the rate shown above is charged if an asset is available for/put to use for less than 180 days in a given financial year.

FY 2015-2016

5. Fixed Assets are recorded at historical cost. Pending finalization of transfer price, the total value of assets entrusted to the Authority by the Government of India (GOI) has not been accounted for / capitalized.

6. Financing charges relating to loans obtained for execution of specific projects till the commissioning of such projects are treated as part of capital work-in progress.

7. Depreciation on fixed assets is provided on the following principles.

i) Depreciation is provided on the assets on written down value (WDV) method. No depreciation is provided on the assets or the portion of the assets financed out of the capital grant up to 2012-13.

ii) An item of asset costing Rs.5000/- or less is charged off to revenue in the year of acquisition/purchase /commission/available for use and such item of asset with written down value of Rs.5000/- or less as at the beginning of the year is also fully depreciated during the year.

(ii)(a) Full year depreciation at the rate shown below if the asset is available for/put to use for 180 days or more in the given financial year.

(b) Depreciation @ 50% of the rate shown above if an asset is available for/put to use for less than 180 days in a given financial year.

iv) Depreciation on adjustment to an item of fixed asset on account of exchange rate fluctuations/additions to asset is provided on such increased cost.

v) Stationery and other items of consumable nature are written-off in the year of purchase.

vi) Depreciation is provided at the following rates adopted by the Authority-

Item of Fixed Asset	Rate of Depreciation (%) per annum
• Roads and Bridges	5
• Building	5
• Computers	60
• Furniture & Fixtures and Electrical Fittings & Installations	10
• Motor Vehicles	20
• Air Conditioners & Heaters	25
• Office Equipment	25
• Laboratory and Survey Equipment	25

FY 2014-2015

8. Fixed Assets are recorded at historical cost. Pending finalization of transfer price, the total value of assets entrusted to the Authority by the Government of India (GOI) has not been accounted for / capitalized.

9. Financing charges relating to loans obtained for execution of specific projects till the commissioning of such projects are treated as part of capital work-in progress.

10. Depreciation on fixed assets is provided on the following principles.

i) Depreciation is provided on the assets on written down value (WDV) method. No depreciation is provided on the assets or the portion of the assets financed out of the capital grant up to 2012-13.

ii) An item of asset costing Rs.5000/- or less is charged off to revenue in the year of acquisition/purchase /commission/available for use and such item of asset with written down value of Rs.5000/- or less as at the beginning of the year is also fully depreciated during the year.

(iii)(a) Full year depreciation at the rate shown below if the asset is available for/put to use for 180 days or more in the given financial year.

(b) Depreciation @ 50% of the rate shown above if an asset is available for/put to use for less than 180 days in a given financial year.

iv) Depreciation on adjustment to an item of fixed asset on account of exchange rate fluctuations/additions to asset is provided on such increased cost.

v) Stationery and other items of consumable nature are written-off in the year of purchase.

vi) Depreciation is provided at the following rates adopted by the Authority-

Item of Fixed Asset	Rate of Depreciation (%) per annum
• Roads and Bridges	5
• Building	5
• Computers	60
• Furniture & Fixtures and Electrical Fittings & Installations	10
• Motor Vehicles	20
• Air Conditioners & Heaters	25
• Office Equipment	25
• Laboratory and Survey Equipment	25

FY 2013-2014

11. Fixed Assets are recorded at historical cost. Pending finalization of transfer price, the total value of assets entrusted to the Authority by the Government of India (GOI) has not been accounted for / capitalized.

12. Financing charges relating to loans obtained for execution of specific projects till the commissioning of such projects are treated as part of capital work-in progress.

13. Depreciation on fixed assets is provided on the following principles.

    i) Depreciation is provided on the assets on written down value (WDV) method. No depreciation is provided on the assets or the portion of the assets financed out of the capital grant up to 2012-13.

    ii) An item of asset costing Rs.5000/- or less is charged off to revenue in the year of acquisition/purchase /commission/available for use and such item of asset with written down value of Rs.5000/- or less as at the beginning of the year is also fully depreciated during the year.

    (iii)(a) Full year depreciation at the rate shown below if the asset is available for/put to use for 180 days or more in the given financial year.

    (b) Depreciation @ 50% of the rate shown above if an asset is available for/put to use for less than 180 days in a given financial year.

    iv) Depreciation on adjustment to an item of fixed asset on account of exchange rate fluctuations/additions to asset is provided on such increased cost.

    v) Stationery and other items of consumable nature are written-off in the year of purchase.

    vi) Depreciation is provided at the following rates adopted by the Authority-

Item of Fixed Asset	Rate of Depreciation (%) per annum
• Roads and Bridges	5
• Building	5
• Computers	60
• Furniture & Fixtures and Electrical Fittings & Installations	10
• Motor Vehicles	20
• Air Conditioners & Heaters	25
• Office Equipment	25
• Laboratory and Survey Equipment	25

FY 2012-2013

1. Fixed Assets are recorded at historical cost. Pending finalization of transfer price, the total value of assets entrusted to the Authority by the Government of India (GOI) has not been accounted for / capitalized.

2. Financing charges relating to loans obtained for execution of specific projects till the commissioning of such projects are treated as part of capital work-in progress.

3. Depreciation on fixed assets is provided on the following principles.

    i. Depreciation is provided on the assets on written down value (WDV) method. No depreciation is provided on the assets or the portion of the assets financed out of the capital grant up to 2012-13.

ii. An item of asset costing Rs.5000/- or less is charged off to revenue in the year of acquisition/purchase /commission/available for use and such item of asset with written down value of Rs.5000/- or less as at the beginning of the year is also fully depreciated during the year.

iii.(a) Full year depreciation at the rate shown below if the asset is available for/put to use for 180 days or more in the given financial year.

(b) Depreciation @ 50% of the rate shown above if an asset is available for/put to use for less than 180 days in a given financial year.

vii. Depreciation on adjustment to an item of fixed asset on account of exchange rate fluctuations/additions to asset is provided on such increased cost.

viii. Stationery and other items of consumable nature are written-off in the year of purchase.

ix. Depreciation is provided at the following rates adopted by the Authority-

Item of Fixed Asset	Rate of Depreciation (%) per annum
• Roads and Bridges	5
• Building	5
• Computers	60
• Furniture & Fixtures and Electrical Fittings & Installations	10
• Motor Vehicles	20
• Air Conditioners & Heaters	25
• Office Equipment	25
• Laboratory and Survey Equipment	25

7. Assets held on behalf of Government of India (GOI)

FY 2016-2017

(i) The Authority is an implementing agency of the Government of India and is mandated to develop, maintain and manage the national highways and any other highways entrusted to or vested in it by the Government. Authority is not the owner of the highways entrusted to it therefore highways developed by the Authority are shown as “Assets held on behalf of GOI”.

Cost of such assets includes:

Direct expenditure:-DPR, Land Acquisition, Utility shifting, Tree Cutting, Civil construction, Annuity, VGF etc.

Indirect Income/Expenditure:-

(a) Interest earned on unutilized capital, on advances/loans granted to the contractors/consultants and receipts from ongoing projects as shown under Capital reserve;

(b) Interest and issue expenses on market borrowings / loans availed by the Authority Assets held on behalf of GoI.

(c) Net establishment expenditure after setting off the income.

Allocation of Cost:

i. The expenses on pre-construction activities for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the length of the projects.

ii. The expenses on construction supervision for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the awarded value of the civil works contracts.

Public-Private Partnership

NHAI is executing a number of projects under Public-Private Partnership on BOT (Toll), BOT (Annuity) and BOT (Hybrid Annuity Mode) basis.

(a) BOT (Toll) projects- Grants (Viability Gap Funding) paid by NHAI is booked as "Positive Grant / VGF". However Negative Grants received by NHAI are accounted for under "Payable to GoI" and remitted to Consolidated Fund of India (CFI).

(b) BOT (Annuity)/ BOT (Hybrid Annuity Mode) projects- Semi-Annuity paid to concessionaire is booked under "Semi-Annuity (Civil Works)".

FY 2015-2016

i. The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government. Pending the decision of the Government of India regarding the ownership of the assets or the capitalization of the expenditure / transfer of assets, the expenditure incurred on all the capital works projects is classified as under-

    a. All the capital expenditure incurred till the completion of the projects (i.e., till the issuance of take over certificates under the contracts) is shown as 'Capital Work in Progress'.

    b. Interest earned on unutilized capital as also on advances/loans granted to the contractors/consultants; and the interest on market borrowings / loans availed by the Authority is shown as part of the Capital Work in Progress.

    c. All establishment expenditure after setting off the income is charged to capital-work-in-progress as per details in the Memorandum Account forming part of Notes on Accounts.

        i. As and when a decision is taken regarding transfer of the assets to the Authority (or capitalization), the expenditure shown under (a), (b) and (d) as the case may be shall be capitalized under appropriate heads of fixed assets.
        ii. The expenses on pre-construction activities for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the length of the projects.
        iii. The expenses on construction supervision for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the awarded value of the civil works contracts.

        iv. NHAI is executing a number of projects under Public-Private Partnership on BOT (Toll) and BOT (Annuity) basis.

(a) BOT (Toll) projects- Grants (Viability Gap Funding) paid by NHAI booked as 'CWIP-Grants (Viability Gap Funding). However Negative Grants received by NHAI are accounted under "Payable to GoI" and remitted to Consolidated Fund of India (CFI).

(b) BOT (Annuity) projects- Semi-Annuity paid to concessionaire is booked under CWIP-Annuity (Civil Works)

FY 2014-2015

i. The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government. Pending the decision of the Government of India regarding the ownership of the assets or the capitalization of the expenditure / transfer of assets, the expenditure incurred on all the capital works projects is classified as under-

a. All the capital expenditure incurred till the completion of the projects (i.e., till the issuance of take over certificates under the contracts) is shown as 'Capital Work in Progress'.

b. Interest earned on unutilized capital as also on advances/loans granted to the contractors/consultants; and the interest on market borrowings / loans availed by the Authority is shown as part of the Capital Work in Progress.

c. All establishment expenditure after setting off the income is charged to capital-work-in-progress as per details in the Memorandum Account forming part of Notes on Accounts.

i. As and when a decision is taken regarding transfer of the assets to the Authority (or capitalization), the expenditure shown under (a), (b) and (d) as the case may be shall be capitalized under appropriate heads of fixed assets.

ii. The expenses on pre-construction activities for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the length of the projects.

iii. The expenses on construction supervision for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the awarded value of the civil works contracts.

iv. NHAI is executing a number of projects under Public-Private Partnership on BOT (Toll) and BOT (Annuity) basis.

(c) BOT (Toll) projects- Grants (Viability Gap Funding) paid by NHAI booked as 'CWIP-Grants (Viability Gap Funding). However Negative Grants received by NHAI are accounted under "Payable to GoI" and remitted to Consolidated Fund of India (CFI).

(d) BOT (Annuity) projects- Semi-Annuity paid to concessionaire is booked under CWIP-Annuity (Civil Works)

FY 2013-2014

i. The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government. Pending the decision of the Government of India regarding the ownership of the assets or the capitalization of the expenditure / transfer of assets, the expenditure incurred on all the capital works projects is classified as under-

a. All the capital expenditure incurred till the completion of the projects (i.e., till the issuance of take over certificates under the contracts) is shown as 'Capital Work in Progress'.

b. Interest earned on unutilized capital as also on advances/loans granted to the contractors/consultants; and the interest on market borrowings / loans availed by the Authority is shown as part of the Capital Work in Progress.

c. In respect of completed projects (i.e., where takeover certificates have been issued under the contracts), all expenditure on completed projects is shown separately as 'Expenditure on completed projects awaiting capitalization/transfer' and no depreciation is provided thereon.

d. All establishment expenditure after setting off the income is charged to capital-work-in-progress as per details in the Memorandum Account forming part of Notes on Accounts.

i. As and when a decision is taken regarding transfer of the assets to the Authority (or capitalization), the expenditure shown under (a), (b) and (d) as the case may be shall be capitalized under appropriate heads of fixed assets.

ii. The expenses on pre-construction activities for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the length of the projects.

iii. The expenses on construction supervision for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the awarded value of the civil works contracts.

iv. NHAI is executing a number of projects under Public-Private Partnership on BOT (Toll) and BOT (Annuity) basis.

(a) BOT (Toll) projects- Grants (Viability Gap Funding) paid by NHAI booked as 'CWIP-Grants (Viability Gap Funding). However Negative Grants received by NHAI are accounted under "Payable to GoI" and remitted to Consolidated Fund of India (CFI).

(b) BOT (Annuity) projects- Semi-Annuity paid to concessionaire is booked under CWIP-Annuity (Civil Works)

FY 2012-2013

i. The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government. Pending the decision of the Government of India regarding the ownership of the assets or the capitalization of the expenditure / transfer of assets, the expenditure incurred on all the capital works projects is classified as under-

a. All the capital expenditure incurred till the completion of the projects (i.e., till the issuance of take over certificates under the contracts) is shown as 'Capital Work in Progress'.

b. Interest earned on unutilized capital as also on advances/loans granted to the contractors/consultants; and the interest on market borrowings / loans availed by the Authority is shown as part of the Capital Work in Progress.

c. In respect of completed projects (i.e., where takeover certificates have been issued under the contracts), all expenditure on completed projects is shown separately as 'Expenditure on completed projects awaiting capitalization/transfer' and no depreciation is provided thereon.

d. All establishment expenditure after setting off the income is charged to capital-work-in-progress as per details in the Memorandum Account forming part of Notes on Accounts.

As and when a decision is taken regarding transfer of the assets to the Authority (or capitalization), the expenditure shown under (a), (b) and (d) as the case may be shall be capitalized under appropriate heads of fixed assets.

i. The expenses on pre-construction activities for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the length of the projects.

ii. The expenses on construction supervision for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the awarded value of the civil works contracts.

iii. NHAI is executing a number of projects under Public-Private Partnership on BOT (Toll) and BOT (Annuity) basis.

(a) BOT (Toll) projects- Grants (Viability Gap Funding) paid by NHAI booked as 'CWIP-Grants (Viability Gap Funding). However Negative Grants received by NHAI are accounted under "Payable to GoI" and remitted to Consolidated Fund of India (CFI).

(b) BOT (Annuity) projects- Semi-Annuity paid to concessionaire is booked under CWIP-Annuity (Civil Works)

8. Expenditure on Maintenance of Highways and collection of toll

FY 2016-2017

Expenditure on Maintenance of Highways and toll collection activities, after setting of maintenance grant received from GoI for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support-plough back of toll remittance.

FY 2015-2016

Expenditure on Maintenance of Highways and toll collection activities, after setting of maintenance grant received from GoI for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support-plough back of toll remittance.

FY 2014-2015

Expenditure on Maintenance of Highways and toll collection activities, after setting of maintenance grant received from GoI for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support-plough back of toll remittance.

FY 2013-2014

Expenditure on Maintenance of Highways and toll collection activities, after setting of maintenance grant received from GoI for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support-plough back of toll remittance.

FY 2012-2013

Expenditure on Maintenance of Highways and toll collection activities, after setting of maintenance grant received from GoI for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support-plough back of toll remittance.

9. Payments to Government Departments / Agencies

FY 2016-2017

Payments made to various Central & State Government departments and other Government Agencies are regulated as under-

- Payments made, to forest department on the basis of demands raised by them as per their prescribed norms, towards afforestation and tree cutting, are directly capitalized.

- Payments made to Government Departments towards supervision /agency charges for utility shifting and to Railways towards construction of ROBs are capitalized on acknowledgement of receipt of such amount by the concerned department.

- Payments towards maintenance of highways to the State Government departments are shown as 'Advance for maintenance of highways'. Expenditure incurred against such advances, based on the utilization statements furnished by respective state agencies, is shown as expenditure on maintenance of highways.

FY 2015-2016

Payments made to various Central & State Government departments and other Government Agencies are regulated as under-

- Payments made, to forest department on the basis of demands raised by them as per their prescribed norms, towards afforestation and tree cutting, are directly capitalized.
- Payments made to Government Departments towards supervision /agency charges for utility shifting and to Railways towards construction of ROBs are capitalized on acknowledgement of receipt of such amount by the concerned department.
- Payments towards maintenance of highways to the State Government departments are shown as 'Advance for maintenance of highways'. Expenditure incurred against such advances, based on the utilization statements furnished by respective state agencies, is shown as expenditure on maintenance of highways.

FY 2014-2015

Payments made to various Central & State Government departments and other Government Agencies are regulated as under-

- Payments made, to forest department on the basis of demands raised by them as per their prescribed norms, towards afforestation and tree cutting, are directly capitalized.
- Payments made to Government Departments towards supervision /agency charges for utility shifting and to Railways towards construction of ROBs are capitalized on acknowledgement of receipt of such amount by the concerned department.
- Payments towards maintenance of highways to the State Government departments are shown as 'Advance for maintenance of highways'. Expenditure incurred against such advances, based on the utilization statements furnished by respective state agencies, is shown as expenditure on maintenance of highways.

FY 2013-2014

Payments made to various Central & State Government departments and other Government Agencies are regulated as under-

- Payments made, to forest department on the basis of demands raised by them as per their prescribed norms, towards afforestation and tree cutting, are directly capitalized.
- Payments made to Government Departments towards supervision /agency charges for utility shifting and to Railways towards construction of ROBs are capitalized on acknowledgement of receipt of such amount by the concerned department.
- Payments towards maintenance of highways to the State Government departments are shown as 'Advance for maintenance of highways'. Expenditure incurred against such advances, based on the utilization statements furnished by respective state agencies, is shown as expenditure on maintenance of highways.

FY 2012-2013

Payments made to various Central & State Government departments and other Government Agencies are regulated as under-

- Payments made, to forest department on the basis of demands raised by them as per their prescribed norms, towards afforestation and tree cutting, are directly capitalized.
- Payments made to Government Departments towards supervision /agency charges for utility shifting and to Railways towards construction of ROBs are capitalized on acknowledgement of receipt of such amount by the concerned department.

- Payments towards maintenance of highways to the State Government departments are shown as 'Advance for maintenance of highways'. Expenditure incurred against such advances, based on the utilization statements furnished by respective state agencies, is shown as expenditure on maintenance of highways.

10. Toll Revenue, Shared Revenue and Negative Grant

FY 2016-2017

The amount of toll revenue, shared revenue, negative grant and interest earned thereon, is remitted to Consolidated Fund of India on actual receipt basis.

FY 2015-2016

The amount of toll revenue, shared revenue, negative grant and interest earned thereon, is remitted to Consolidated Fund of India on actual receipt basis.

FY 2014-2015

The amount of toll revenue, shared revenue, negative grant and interest earned thereon, is remitted to Consolidated Fund of India on actual receipt basis.

FY 2013-2014

The amount of toll revenue, shared revenue, negative grant and interest earned thereon, is remitted to Consolidated Fund of India on actual receipt basis.

FY 2012-2013

The amount of toll revenue, shared revenue, negative grant and interest earned thereon, is remitted to Consolidated Fund of India on actual receipt basis.

11. Revenue Recognition

FY 2016-2017

(i) The proceeds on sale of tender documents are accounted for as income (and the related expenditure is accounted for under the appropriate heads of expenditure) of the Authority.

(ii) Supervision charges, if any, received against deposit work and supervision and monitoring fees received under Durg bypass BOT contract are treated as income of the Authority.

(iii) Any other income, which is in the nature of revenue receipt and not payable to the Govt. of India.

FY 2015-2016

(iv) The proceeds on sale of tender documents are accounted for as income (and the related expenditure is accounted for under the appropriate heads of expenditure) of the Authority.

(v) Supervision charges, if any, received against deposit work and supervision and monitoring fees received under Durg bypass BOT contract are treated as income of the Authority.

(vi) Any other income, which is in the nature of revenue receipt and not payable to the Govt. of India.

FY 2014-2015

(vii) The proceeds on sale of tender documents are accounted for as income (and the related expenditure is accounted for under the appropriate heads of expenditure) of the Authority.

(viii) Supervision charges, if any, received against deposit work and supervision and monitoring fees received under Durg bypass BOT contract are treated as income of the Authority.

(ix) Any other income, which is in the nature of revenue receipt and not payable to the Govt. of India.

FY 2013-2014

(x) The proceeds on sale of tender documents are accounted for as income (and the related expenditure is accounted for under the appropriate heads of expenditure) of the Authority.

(xi) Supervision charges, if any, received against deposit work and supervision and monitoring fees received under Durg bypass BOT contract are treated as income of the Authority.

(xii) Any other income, which is in the nature of revenue receipt and not payable to the Govt. of India.

FY 2012-2013

(xiii) The proceeds on sale of tender documents are accounted for as income (and the related expenditure is accounted for under the appropriate heads of expenditure) of the Authority.

(xiv) Supervision charges, if any, received against deposit work and supervision and monitoring fees received under Durg bypass BOT contract are treated as income of the Authority.

(xv) Any other income, which is in the nature of revenue receipt and not payable to the Govt. of India.

12. Agency Charges

FY 2016-2017

Agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1/4/2008.

(a) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;
(b) 9% on the expenditure on maintenance of highways directly done by NHAI;
(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

Agency charges are accounted for through a Memorandum Account. All establishment expenditure, after setting off the income is appropriated against the Agency Charges through the Memorandum Account. Disclosure for the same is being made in the note forming part of accounts.

FY 2015-2016

Agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1/4/2008.

(a) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;
(b) 9% on the expenditure on maintenance of highways directly done by NHAI;
(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

Agency charges are accounted for through a Memorandum Account. All establishment expenditure, after setting off the income is appropriated against the Agency Charges through the Memorandum Account. Disclosure for the same is being made in the note forming part of accounts.

FY 2014-2015

Agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1/4/2008.

(a) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;
(b) 9% on the expenditure on maintenance of highways directly done by NHAI;
(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

Agency charges are accounted for through a Memorandum Account. All establishment expenditure, after setting off the income is appropriated against the Agency Charges through the Memorandum Account. Disclosure for the same is being made in the note forming part of accounts.

FY 2013-2014

Agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1/4/2008.

(d) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;
(e) 9% on the expenditure on maintenance of highways directly done by NHAI;
(f) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

Agency charges are accounted for through a Memorandum Account. All establishment expenditure, after setting off the income is appropriated against the Agency Charges through the Memorandum Account. Disclosure for the same is being made in the note forming part of accounts.

FY 2012-2013

Agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1/4/2008.

(g) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;
(h) 9% on the expenditure on maintenance of highways directly done by NHAI;
(i) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

Agency charges are accounted for through a Memorandum Account. All establishment expenditure, after setting off the income is appropriated against the Agency Charges through the Memorandum Account. Disclosure for the same is being made in the note forming part of accounts.

13. Retirement Benefits

FY 2016-2017

The liability for retirement benefits of the regular employees and employees on contract (long term) of the Authority in respect of gratuity and leave encashment is accounted for on accrual basis and invested in fixed deposits with banks. Every year these investments are adjusted in line with the accrued liability.

FY 2015-2016

The liability for retirement benefits of the regular employees and employees on contract (long term) of the Authority in respect of gratuity and leave encashment is accounted for on accrual basis and invested in fixed deposits with banks. Every year these investments are adjusted in line with the accrued liability.

FY 2014-2015

The liability for retirement benefits of the regular employees and employees on contract (long term) of the Authority in respect of gratuity and leave encashment is accounted for on accrual basis and invested in fixed deposits with banks. Every year these investments are adjusted in line with the accrued liability.

FY 2013-2014

The liability for retirement benefits of the regular employees and employees on contract (long term) of the Authority in respect of gratuity and leave encashment is accounted for on accrual basis and invested in fixed deposits with banks. Every year these investments are adjusted in line with the accrued liability.

FY 2012-2013

The liability for retirement benefits of the regular employees and employees on contract (long term) of the Authority in respect of gratuity and leave encashment is accounted for on accrual basis and invested in fixed deposits with banks. Every year these investments are adjusted in line with the accrued liability.

14. Foreign Exchange Transactions

FY 2016-2017

i. Foreign exchange transactions relating to purchase of/acquisition of or in relation to fixed assets, goods and services are accounted for at the exchange rates prevailing as on the date of the transaction.

ii. Foreign Currency loans outstanding at the end of the year are translated at the exchange rate as indicated by the BC selling rate prevailing on the last date of the financial year or the most proximate previous working day. Since the Authority is only an implementing agency and all the capital expenses are incurred on behalf of the Government of India, losses or gains, if any, due to exchange fluctuations relating to the loans utilized for acquisition of fixed assets/Capital Work-in-progress are adjusted to the carrying cost of the relevant assets/Capital Work-in-progress (instead of recognizing in the profit and loss account).

FY 2015-2016

iii. Foreign exchange transactions relating to purchase of/acquisition of or in relation to fixed assets, goods and services are accounted for at the exchange rates prevailing as on the date of the transaction.

iv. Foreign Currency loans outstanding at the end of the year are translated at the exchange rate as indicated by the BC selling rate prevailing on the last date of the financial year or the most proximate previous working day. Since the Authority is only an implementing agency and all the capital expenses are incurred on behalf of the Government of India, losses or gains, if any, due to exchange fluctuations relating to the loans utilized for acquisition of fixed assets/Capital Work-in-progress are adjusted to the carrying cost of the relevant assets/Capital Work-in-progress (instead of recognizing in the profit and loss account).

FY 2014-2015

v. Foreign exchange transactions relating to purchase of/acquisition of or in relation to fixed assets, goods and services are accounted for at the exchange rates prevailing as on the date of the transaction.

vi. Foreign Currency loans outstanding at the end of the year are translated at the exchange rate as indicated by the BC selling rate prevailing on the last date of the financial year or the most proximate previous working day. Since the Authority is only an implementing agency and all the capital expenses are incurred on behalf of the Government of India, losses or gains, if any, due to exchange fluctuations relating to the loans utilized for acquisition of fixed assets/Capital Work-in-progress are adjusted to the carrying cost of the relevant assets/Capital Work-in-progress (instead of recognizing in the profit and loss account).

FY 2013-2014

vii. Foreign exchange transactions relating to purchase of/acquisition of or in relation to fixed assets, goods and services are accounted for at the exchange rates prevailing as on the date of the transaction.

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FY 2012-2013

i) Foreign exchange transactions relating to purchase of/acquisition of or in relation to fixed assets, goods and services are accounted for at the exchange rates prevailing as on the date of the transaction.

ii) Foreign Currency loans outstanding at the end of the year are translated at the exchange rate as indicated by the BC selling rate prevailing on the last date of the financial year or the most proximate previous working day. Since the Authority is only an implementing agency and all the capital expenses are incurred on behalf of the Government of India, losses or gains, if any, due to exchange fluctuations relating to the loans utilized for acquisition of fixed assets/Capital Work-in-progress are adjusted to the carrying cost of the relevant assets/Capital Work-in-progress (instead of recognizing in the profit and loss account).

15. Miscellaneous

FY 2016-2017

i. Cheques issued but not presented within three (3) months from the dates of issuance are credited to the stale cheque account. Any amount outstanding in the stale cheque account for three (3) years is transferred to the miscellaneous income account.

ii. At accounting level expenses/Incomes related to earlier years up to value of Rs. 50,000/- under individual ledger account are charged to natural heads of accounts in current year and items exceeding Rs. 50,000/- are booked under prior period items account.

iii. The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government and there are no different segment reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

iv. The Authority is not required to consolidate its financial statements and the financial statements of its subsidiaries as per the NHAI Act, 1988 and accordingly, the Accounting Standard - 21 issued by the Institute of Chartered Accountants of India is not applicable.

v. Long-term investments are stated at cost.

FY 2015-2016

vi. Cheques issued but not presented within three (3) months from the dates of issuance are credited to the stale cheque account. Any amount outstanding in the stale cheque account for three (3) years is transferred to the miscellaneous income account.

vii. Expenses/Incomes related to earlier years up to value of Rs. 50,000/- are charged to natural heads of accounts in current year and items exceeding Rs. 50,000/- are booked under prior period items account.

viii. The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government and there are no different segment reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

ix. The Authority is not required to consolidate its financial statements and the financial statements of its subsidiaries as per the NHAI Act, 1988 and accordingly, the Accounting Standard - 21 issued by the Institute of Chartered Accountants of India is not applicable.

x. Long-term investments are stated at cost unless there is a permanent fall in the value thereof.

FY 2014-2015

xi. Cheques issued but not presented within three (3) months from the dates of issuance are credited to the stale cheque account. Any amount outstanding in the stale cheque account for three (3) years is transferred to the miscellaneous income account.

xii. Prepaid expenses and prior period expenses/income of Rs.50000/- or less are charged to natural heads of accounts.

xiii. The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government and there are no different segment reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

xiv. The Authority is not required to consolidate its financial statements and the financial statements of its subsidiaries as per the NHAI Act, 1988 and accordingly, the Accounting Standard - 21 issued by the Institute of Chartered Accountants of India is not applicable.

xv. Long-term investments are stated at cost unless there is a permanent fall in the value thereof.

FY 2013-2014

xvi. Cheques issued but not presented within three (3) months from the dates of issuance are credited to the stale cheque account. Any amount outstanding in the stale cheque account for three (3) years is transferred to the miscellaneous income account.

xvii. Prepaid expenses and prior period expenses/income of Rs.50000/- or less are charged to natural heads of accounts.

xviii. The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government and there are no different segment reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

xix. The Authority is not required to consolidate its financial statements and the financial statements of its subsidiaries as per the NHAI Act, 1988 and accordingly, the Accounting Standard - 21 issued by the Institute of Chartered Accountants of India is not applicable.

xx. Long-term investments are stated at cost unless there is a permanent fall in the value thereof.

FY 2012-2013

i) Cheques issued but not presented within three (3) months from the dates of issuance are credited to the stale cheque account. Any amount outstanding in the stale cheque account for three (3) years is transferred to the miscellaneous income account.

ii) Prepaid expenses and prior period expenses/income of Rs.50000/- or less are charged to natural heads of accounts.

iii) The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government and there are no different segment reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

iv) The Authority is not required to consolidate its financial statements and the financial statements of its subsidiaries as per the NHAI Act, 1988 and accordingly, the Accounting Standard - 21 issued by the Institute of Chartered Accountants of India is not applicable.

v) Long-term investments are stated at cost unless there is a permanent fall in the value thereof.

18 NOTES ON ACCOUNTS

NOTE 1

2016-2017

During the year, an amount of Rs. 2326.50 crore (previous year Rs. 15420.00 crore) has been received from the Government of India as Cess Funds. In addition Rs. 5649.02 crore for development of National Highways (Original) Works (previous year Rs. 370.27 crore) and Rs. 7500.00 crore (previous year Rs. 6500.00 crore) as plough back of toll remittances have been received from Govt. of India. These amounts have been credited to the Capital Account.

2015-2016

During the year, an amount of Rs. 15420.00 crore (previous year Rs. 6885.89 crore) has been received from the Government of India as Cess Funds. In addition Rs. 370.27 crore for development of National Highways (Original) Works (previous year Rs. 600.00 crore) and Rs. 6500.00 crore (previous year Rs. 5448.00 crore) as plough back of toll remittances have been received from Govt. of India. These have been credited to the Capital Account.

2014-2015

During the year, an amount of 6885.89 crore (previous year 6857.45 crore) has been received from the Government of India as Cess Funds. In addition 600.00 crore for development of National Highways (Original) Works (previous year 850.40 crore) and 5448.00 crore (previous year 4770.00 crore) as plough back of toll remittances have been received from Govt. of India. These have been credited to the Capital Account.

2013-2014

During the year, an amount of Rs. 6857.45 crore (previous year Rs. 6003.00 crore) has been received from the Government of India as Cess Funds. In addition Rs. 850.40 crore for development of National Highways (Original) Works (previous year Rs. 2028.97 crore) and Rs. 4770.00 crore (previous year Rs. 1777.00 crore) as plough back of toll remittances have been received from Govt. of India. These have been credited to the Capital Account.

2012-2013

During the year, an amount of Rs. 6003.00 crore (previous year Rs. 6187.00 crore) has been received from the Government of India as Cess Funds. In addition Rs. 2028.97 crore for development of National Highways (Original) Works (previous year Rs. 1212.21 crore) and Rs. 1777.00 crore (previous year Rs. 2692.89 crore) as plough back of toll remittances have been received from Govt. of India. These have been credited to the Capital Account.

NOTE 2

2016-2017

An amount of Rs. 100.00 crore (previous year Rs. 100.00 crore) has been received during the year from the Government of India towards maintenance of National Highways. Amount spent on maintenance of highways during the year is Rs. 853.26 crore (previous year Rs. 1296.61 crore).

2015-2016

An amount of Rs. 100.00 crore (previous year Rs. 100.01 crore) has been received during the year from the Government of India towards maintenance of National Highways. Amount spent on maintenance of highways during the year is Rs. 1296.61 crore (previous year Rs. 1075.20 crore).

2014-2015

An amount of Rs. 100.01 crore (previous year Rs. 72.05 crore) has been received during the year from the Government of India towards maintenance of National Highways. Amount spent on maintenance of highways during the year is Rs. 1075.20 crore (previous year Rs. 461.03 crore).

2013-2014

An amount of Rs. 72.05 crore (previous year Rs. 343.56 crore) has been received during the year from the Government of India towards maintenance of National Highways. Amount spent on maintenance of highways during the year is Rs. 461.03 crore (previous year Rs. 452.49 crore).

2012-2013

An amount of Rs. 343.56 crore (previous year Rs. 95.42 crore) has been received during the year from the Government of India towards maintenance of National Highways. Amount spent on maintenance of highways during the year is Rs. 452.49 crore (previous year Rs. 507.88 crore).

NOTE 3

2016-2017

Cumulative interest on unutilized capital and also on loans & advances to contractors/consultants etc., amounting to Rs 10297.76 crore which includes Rs. 526.28 crore accrued on CALA deposits as on 31.03.2017 (previous year Rs 8760.60 crore and Rs. 595.70 crore respectively) have been shown (Schedule 5) as a reduction from the Assets held on behalf of GoI.

2015-2016

Cumulative interest on unutilized capital and also on loans & advances to contractors/consultants etc., amounting to Rs 8760.60 crore which includes Rs. 595.70 crore accrued on CALA deposits as on 31.03.2016 (previous year Rs. 7565.59 crore and Rs. 349.76 crore) have been shown (Schedule 5) as a reduction from the Capital Work in Progress.

2014-2015

Cumulative interest on unutilized capital and also on loans & advances to contractors/consultants etc., amounting to Rs 7565.59 crore which includes Rs. 349.76 crore accrued on CALA deposits as on 31.03.2015 (previous year Rs. 6435.21 crore and Rs. 252.26 crore) have been shown (Schedule 5) as a reduction from the Capital Work in Progress.

2013-2014

Cumulative interest on unutilized capital and also on loans & advances to contractors/consultants etc., amounting to Rs 6435.21 crore which includes Rs. 252.26 crore accrued on CALA deposits as on 31.03.2014 (previous year Rs. 5419.32 crore and Rs.173.74 crore) have been shown (Schedule 5) as a reduction from the Capital Work in Progress.

2012-2013

Cumulative interest on unutilized capital and also on loans & advances to contractors/consultants etc., amounting to Rs 5419.32 crore (including Rs. 173.74 crore accrued on CALA deposits) as on 31.03.2013 (previous year Rs. 4107.44crore) has been shown (Schedule 5) as a reduction from the Capital Work in Progress.

NOTE 4

2016-2017

The Authority, in addition to the projects funded out of capital funds, is implementing various Externally Aided Projects (EAPs). These projects are funded by multilateral agencies like the World Bank (WB), the Asian Development Bank (ADB) and Japan Bank for International Cooperation (JBIC). These agencies provide funds to Government of India (GOI) under the respective loan agreements signed by them with GOI, which in turn gets passed on to the Authority in the ratio of 80:20 as grant and loan in the case of WB and ADB and 100% grant in the case of JBIC. During the current as well as previous year no grant or loan towards execution of Externally Aided Projects (EAP) has been received from the Government of India.

2015-2016

The Authority, in addition to the projects funded out of capital funds, is implementing various Externally Aided Projects (EAPs). These projects are funded by multilateral agencies like the World Bank (WB), the Asian Development Bank (ADB) and Japan Bank for International Cooperation (JBIC). These agencies provide funds to Government of India (GOI) under the respective loan agreements signed by them with GOI, which in turn gets passed on to the Authority in the ratio of 80:20 as grant and loan in the case of WB and ADB and 100% grant in the case of JBIC. During the current as well as previous year no grant or loan towards execution of Externally Aided Projects (EAP) has been received from the Government of India.

2014-2015

The Authority, in addition to the projects funded out of capital funds, is implementing various Externally Aided Projects (EAPs). These projects are funded by multilateral agencies like the World Bank (WB), the Asian Development Bank (ADB) and Japan Bank for International Cooperation (JBIC). These agencies provide funds to Government of India (GOI) under the respective loan agreements signed by them with GOI, which in turn gets passed on to the Authority in the ratio of 80:20 as grant and loan in the case of WB and ADB and 100% grant in the case of JBIC. During the current as well as previous year no grant or loan towards execution of Externally Aided Projects (EAP) has been received from the Government of India.

2013-2014

The Authority, in addition to the projects funded out of capital funds, is implementing various Externally Aided Projects (EAPs). These projects are funded by multilateral agencies like the World Bank (WB), the Asian Development Bank (ADB) and Japan Bank for International Cooperation (JBIC). These agencies provide funds to Government of India (GOI) under the respective loan agreements signed by them with GOI, which in turn gets passed on to the Authority in the ratio of 80:20 as grant and loan in the case of WB and ADB and 100% grant in the case of JBIC.

2012-2013

The Authority, in addition to the projects funded out of capital funds, is implementing various Externally Aided Projects (EAPs). These projects are funded by multilateral agencies like the World Bank (WB), the Asian Development Bank (ADB) and Japan Bank for International Cooperation (JBIC). These agencies provide funds to Government of India (GOI) under the respective loan agreements signed by them with GOI, which in turn gets passed on to the Authority in the ratio of 80:20 as grant and loan in the case of WB and ADB and 100% grant in the case of JBIC.

NOTE 5

2013-2014

During the current year (2013-14) as well as previous year (2012-13) no grant or loan towards execution of Externally Aided Projects (EAP) has been received from the Government of India.

2012-2013

During the current year (2012-13) as well as previous year (2011-12) no grant or loan towards execution of Externally Aided Projects (EAP) has been received from the Government of India.

NOTE 6

2013-2014

The outstanding loan of Rs. 339.00 crore as on 31.03.2013 along with interest @13.50 % has been fully paid in May 2013.

2012-2013

The entire outstanding loan of Rs. 339.00 crore as on 31.03.2013 has been exhibited as 'Loan from Government of India'. This loan along with interest @13.50 has been fully paid in May 2013.

NOTE 7

2016-2017

PIU wise details of cumulative expenditure incurred on the EAPs as on 31.03.2017 are as under:

A) Projects funded by World Bank Loan

(Loan No. 3470 IN, TNHP – Loan No. 4559 IN, GTRIP – Loan No.4622 IN, ABP - Loan No. 4719 IN and LMNHP – Loan No.4764 IN)

(Rs. in crores)

PIU	CWIP	Advances	Total
Gorakhpur	2349.50	7.71	2357.21
Lucknow	1191.12	32.20	1223.32
Muzaffarpur	1348.41	49.82	1398.23
Kanpur	1508.84	0.23	1509.07
Allahabad	2037.42	3.71	2041.13
Varanasi	1341.33	3.88	1345.21
Dhanbad	1385.33	4.63	1389.96
Agra	1207.64	12.68	1220.32
Total	**12369.59**	**114.86**	**12484.45**

B). Projects funded by Asian Development Bank Loan

(Rs. in crores)

Loan No.	PIU	CWIP	Advances	Total
1274 IND	Gurgaon	388.47	0.00	388.47
1274 IND	Vijaywada	438.51	0.00	438.51
1274 IND	Durgapur	504.72	0.00	504.72
1747 IND	Surat Expressway	1352.53	6.49	1359.02
1839 IND	Chitradurga	1139.05	0.00	1139.05
1944 IND	Gandhidham	1316.32	2.08	1318.40
1944 IND	Rajkot	1042.01	19.75	1061.76
2029 IND	Shivpuri	725.72	2.26	727.98
2029 IND	Jhansi	1197.95	-	1197.95
2029 IND	Chittorgarh(EW)	1359.60	1.35	1360.95
2029 IND	Kota	1222.23	0.04	1222.27
2154 IND	Anantpur	1386.26	0.07	1386.33
2154 IND	Sagar	1085.60	0.10	1085.70

2154 IND	Narsingpur	1043.29	0.00	1043.29
Total		**14202.26**	**32.14**	**14234.40**

Loan No. 1747 in respect of Surat Manor Toll-way Project (SMTP) has been extended to NHAI directly by ADB.

C) Projects funded by Japan Bank for International Cooperation Loan

(Rs. in crores)

Loan No.	PIU	CWIP	Advances	Total
ID-P 91	Allahabad (Naini)	299.07	0.29	299.36
ID-P 92	Vijayawada	314.33	0.00	314.33
ID-P 100	Bhubaneshwar	148.35	0.77	149.12
ID-P 101	Ghaziabad	168.15	0.00	168.15
Total		**929.90**	**1.06**	**930.96**

2015-2016

PIU wise details of cumulative expenditure incurred on the EAPs as on 31.03.2016 are as under:

A) Projects funded by World Bank Loan

(Loan No. 3470 IN, TNHP – Loan No. 4559 IN, GTRIP – Loan No.4622 IN, ABP - Loan No. 4719 IN and LMNHP – Loan No.4764 IN)

(Rs. in crores)

PIU	CWIP	Advances	Total
Gorakhpur	2248.87	7.71	2256.58
Lucknow	1158.48	32.20	1190.68
Muzaffarpur	1312.13	53.67	1365.80
Kanpur	1508.84	0.23	1509.07
Allahabad	2033.31	3.71	2037.02
Varanasi	1341.29	3.88	1345.17
Dhanbad	1385.33	4.63	1389.96
Agra	1200.97	13.63	1214.60
Total	12,189.22	119.66	12,308.88

B). Projects funded by Asian Development Bank Loan

(Rs. in crores)

Loan No.	PIU	CWIP	Advances	Total
1274 IND	Gurgaon	388.47	0.00	388.47
1274 IND	Vijaywada	438.51	0.00	438.51
1274 IND	Durgapur	503.16	0.00	503.16
1747 IND	Surat Expressway	1352.53	6.49	1359.02
1839 IND	Chitradurga	1139.05	0.00	1139.05
1944 IND	Gandhidham	1316.32	2.08	1318.40
1944 IND	Rajkot	1042.01	19.75	1061.76
2029 IND	Shivpuri	725.72	2.26	727.98
2029 IND	Jhansi	1197.02	-	1197.02
2029 IND	Chittorgarh(EW)	1360.12	1.35	1361.47
2029 IND	Kota	1209.43	0.00	1209.43
2154 IND	Anantpur	1382.10	0.07	1382.17
2154 IND	Sagar	1084.87	0.10	1084.97
2154 IND	Narsingpur	1036.74	0.13	1036.87
Total		14,176.05	32.23	14,208.28

Loan No. 1747 in respect of Surat Manor Toll-way Project (SMTP) has been extended to NHAI directly by ADB.

C) Projects funded by Japan Bank for International Cooperation Loan

(Rs. in crores)

Loan No.	PIU	CWIP	Advances	Total
ID-P 91	Allahabad (Naini)	299.07	0.29	299.36
ID-P 92	Vijayawada	314.33	0.00	314.33
ID-P 100	Bhubaneshwar	147.60	0.77	148.37
ID-P 101	Ghaziabad	166.02	0.00	166.02
Total		927.02	1.06	928.08

2014-2015

PIU wise details of cumulative expenditure incurred on the EAPs as on 31.03.2015 are as under:

A) Projects funded by World Bank Loan

(Loan No. 3470 IN, TNHP – Loan No. 4559 IN, GTRIP – Loan No.4622 IN, ABP - Loan No. 4719 IN and LMNHP – Loan No.4764 IN)

(Rs. in crores)

PIU	CWIP	Advances	Total
Gorakhpur	2249.39	7.71	2257.10
Lucknow	1134.33	32.20	1166.53
Muzaffarpur	1231.64	33.77	1265.41
Kanpur	1405.86	0.23	1406.09
Allahabad	2022.58	3.71	2026.29
Varanasi	1341.24	3.88	1345.12
Dhanbad	1377.18	4.63	1381.81
Agra	1179.98	10.27	1190.25
Total	11942.20	96.40	12038.60

B). Projects funded by Asian Development Bank Loan

(Rs. in crores)

Loan No.	PIU	CWIP	Advances	Total
1274 IND	Gurgaon	400.78	0.00	400.78
1274 IND	Vijaywada	440.84	0.00	440.84
1274 IND	Durgapur	502.86	0.00	502.86
1747 IND	Surat Expressway	1312.22	6.49	1318.71
1839 IND	Chitradurga	1139.05	0.00	1139.05
1944 IND	Gandhidham	1316.32	2.08	1318.40
1944 IND	Rajkot	1042.01	19.75	1061.76
2029 IND	Shivpuri	709.71	2.54	712.25
2029 IND	Jhansi	1144.95	2.49	1147.44
2029 IND	Chittorgarh(EW)	1331.31	1.35	1332.66
2029 IND	Kota	1193.96	0.00	1193.96
2154 IND	Anantpur	1382.04	0.07	1382.11
2154 IND	Sagar	1037.38	0.10	1037.48
2154 IND	Narsingpur	1022.67	0.13	1022.80
Total		**13976.10**	**35.00**	**14011.10**

Loan No. 1747 in respect of Surat Manor Toll-way Project (SMTP) has been extended to NHAI directly by ADB.

C) Projects funded by Japan Bank for International Cooperation Loan

(Rs. in crores)

Loan No.	PIU	CWIP	Advances	Total
ID-P 91	Allahabad (Naini)	299.07	0.29	299.36
ID-P 92	Vijayawada	317.88	0.00	317.88
ID-P 100	Bhubaneshwar	147.60	0.77	148.37
ID-P 101	Ghaziabad	162.25	0.00	162.25
Total		926.80	1.06	927.86

2013-2014

PIU wise details of cumulative expenditure incurred on the EAPs as on 31.03.2014 are as under:

A) Projects funded by World Bank Loan

(Loan No. 3470 IN, TNHP – Loan No. 4559 IN, GTRIP – Loan No.4622 IN, ABP - Loan No. 4719 IN and LMNHP – Loan No.4764 IN)

(Rs. in crores)

PIU	CWIP	Advances	Total
Gorakhpur	2261.86	7.81	2269.67
Lucknow	1133.86	32.20	1166.06
Muzaffarpur	1072.47	0.00	1072.47
Kanpur	1405.86	0.23	1406.09
Allahabad	2012.82	3.71	2016.53
Varanasi	1333.94	3.88	1337.82
Dhanbad	1350.45	4.63	1355.08
Agra	1132.51	19.37	1151.88
Total	11703.77	71.83	11775.60

B). Projects funded by Asian Development Bank Loan

(Rs. in crores)

Loan No.	PIU	CWIP	Advances	Total
1274 IND	Gurgaon	400.78	0.00	400.78
1274 IND	Vijaywada	440.69	0.00	440.69
1274 IND	Durgapur	443.69	0.80	444.49
1747 IND	Surat Expressway	1367.90	6.49	1374.39
1839 IND	Chitradurga	1139.05	1.38	1140.43
1944 IND	Gandhidham	1316.32	2.08	1318.40
1944 IND	Rajkot	1042.01	19.75	1061.76
2029 IND	Shivpuri	712.17	0.00	712.17
2029 IND	Jhansi	1171.01	2.49	1173.50
2029 IND	Chittorgarh(EW)	1328.99	1.35	1330.34
2029 IND	Kota	1184.11	0.33	1184.44
2154 IND	Anantpur	1407.02	0.07	1407.09
2154 IND	Sagar	991.15	0.05	991.20
2154 IND	Narsingpur	958.88	0.04	958.92
Total		13903.77	34.83	13938.60

Loan No. 1747 in respect of Surat Manor Toll-way Project (SMTP) has been extended to NHAI directly by ADB.

C. Projects funded by Japan Bank for International Cooperation Loan

(Rs. in crores)

Loan No.	PIU	CWIP	Advances	Total
ID-P 91	Allahabad (Naini)	299.07	0.29	299.36
ID-P 92	Vijayawada	317.88	0.00	317.88
ID-P 100	Bhubaneshwar	147.60	0.77	148.37
ID-P 101	Ghaziabad	162.17	0.00	162.17
Total		926.72	1.06	927.78

2012-2013

PIU wise details of cumulative expenditure incurred on the EAPs as on 31.03.2013 are as under:

B) Projects funded by World Bank Loan
(Loan No. 3470 IN, TNHP – Loan No. 4559 IN, GTRIP – Loan No.4622 IN, ABP - Loan No. 4719 IN and LMNHP – Loan No.4764 IN)

(Rs. in crores)

PIU	CWIP	Advances	Total
Gorakhpur	2231.26	7.81	2239.07
Lucknow	1133.06	0.00	1133.06
Muzaffarpur	1010.57	0.00	1010.57
Kanpur	1405.86	0.23	1406.09
Allahabad	2012.77	0.00	2012.77
Varanasi	1325.48	4.09	1329.57
Dhanbad (Koderma)	1303.47	4.63	1308.10
Agra	1134.90	11.16	1146.06
Total	**11557.37**	**27.92**	**11585.29**

B). Projects funded by Asian Development Bank Loan

(Rs. in crores)

Loan No.	PIU	CWIP	Advances	Total
1274 IND	Gurgaon	400.78	0.00	400.78
1274 IND	Vijaywada	440.69	-	440.69
1274 IND	Durgapur	1923.77	0.80	1924.57
1747 IND	Surat Expressway	1297.17	6.49	1303.66
1839 IND	Chitradurga	1139.05	1.38	1140.43
1944 IND	Gandhidham	1316.32	2.08	1318.40
1944 IND	Rajkot	1042.01	19.75	1061.76
2029 IND	Shivpuri	701.14	0.00	701.14
2029 IND	Jhansi	1157.90	2.49	1160.39
2029 IND	Chittorgarh(EW)	1327.66	1.35	1329.01
2029 IND	Jhalawar	1183.97	0.33	1184.30
2154 IND	Anantpur	1340.65	0.33	1340.98
2154 IND	Sagar	1035.16	0.08	1035.24
2154 IND	Narsingpur	907.15	2.10	909.25
Total		15213.49	37.18	15267.67

Loan No. 1747 in respect of Surat Manor Toll-way Project (SMTP) has been extended to NHAI directly by ADB.

C) Projects funded by Japan Bank for International Cooperation Loan

(Rs. in crores)

Loan No.	PIU	CWIP	Advances	Total
ID-P 91	Allahabad (Naini)	299.07	0.29	299.36
ID-P 92	Vijayawada	318.42	0.00	318.42
ID-P 100	Bhubaneshwar	147.60	0.77	148.37
ID-P 101	Ghaziabad	148.28	0.00	148.28
Total		913.37	1.06	914.43

NOTE 8

2016-17

A Loan of USD 180.00 million was sanctioned from Asian Development Bank (ADB) for execution of Surat – Manor project on NH-8. Against this USD 149.48 million was finally disbursed. There is an outstanding balance of Rs 642.33 crores (USD 98.41 million @ Rs 65.27) as on 31.03.2017 and the same has been included under 'Borrowings'. Interest charges amounting to Rs 14.25 crore on loan (previous year Rs 11.00 crore which pertains to post construction period) has been paid during the year. Up to 31.03.2010, it was shown as reduction from toll revenue payable to GOI, since the interest payment on the loan was to be met out of the toll collection. From 01.04.2010 this is being shown as deduction from additional budgetary support (plough-back of toll remittance). Provision for guarantee fee amounting to Rs 1.60 crore (previous year Rs. 1.76 crore) in respect of Government of India guarantee has also been made in the accounts.

2015-2016

A Loan of USD 180.00 million was sanctioned from Asian Development Bank (ADB) for execution of Surat – Manor project on NH-8. Against this USD 149.48 million was finally disbursed. There is an outstanding balance of Rs 703.66 crores (USD 105.50 million @ Rs 66.6975) as on 31.03.2016 and the same has been included under 'Borrowings'. Interest charges amounting to Rs 11.00 crore on loan (previous year Rs. 10.58 crore which pertains to post construction period) has been paid during the year. Up to 31.03.2010 this has been shown as reduction from toll revenue payable to GOI, since the interest payment on the loan was to be met out of the toll collection. From 01.04.2010 this is shown as deduction from additional budgetary support (plough-back of toll remittance). Provision for guarantee fee amounting to Rs 1.76 crore (previous year Rs. 1.76 crore) in respect of Government of India guarantee has also been made in the accounts.

2014-2015

A Loan of USD 180.00 million was sanctioned from Asian Development Bank (ADB) for execution of Surat – Manor project on NH-8. Against this USD 149.48 million was finally disbursed. There is an outstanding balance of Rs 705.25 crores (USD 111.93 million @ Rs 63.010) as on 31.03.2015 and the same has been included under 'Borrowings'. Interest charges amounting to Rs 10.58 crore on loan (previous year Rs. 9.76 crore which pertains to post construction period) has been paid during the year. Up to 31.03.2010 this has been shown as reduction from toll revenue payable to GOI, since the interest payment on the loan was to be met out of the toll collection. From 01.04.2010 this is shown as deduction from additional budgetary support (plough-back of toll remittance). Provision for guarantee fee amounting to Rs 1.76 crore (previous year Rs. 1.78 crore) in respect of Government of India guarantee has also been made in the accounts.

2013-2014

A Loan of USD 180.00 million was sanctioned from Asian Development Bank (ADB) for execution of Surat – Manor project on NH-8. Against this USD 149.48 million was finally disbursed. There is an outstanding balance of Rs 712.09 crores (USD 117.76 million @ Rs 60.4725) as on 31.03.2014 and the same has been included under 'Borrowings'. Interest charges amounting to Rs 9.76 crore on loan (previous year Rs. 10.90 crore which pertains to post construction period) has been paid during the year. Up to 31.03.2010 this has been shown as reduction from toll revenue payable to GOI, since the interest payment on the loan was to be met out of the toll collection. From 01.04.2010 this is shown as deduction from additional budgetary support (plough-back of toll remittance). Provision for guarantee fee amounting to Rs 1.78 crore (previous year Rs. 1.68 crore) in respect of Government of India guarantee has also been made in the accounts.

2012-2013

A Loan of USD 180.00 million was sanctioned from Asian Development Bank (ADB) for execution of Surat – Manor project on NH-8. Against this USD 149.48 million was finally disbursed. There is an outstanding balance of Rs 673.72 crores (USD 123.04 million @ Rs54.755) as on 31.03.2013 and the same has been included under 'Borrowings'. Interest charges amounting to Rs 10.90crore on loan (previous year Rs. 7.16 crore which pertains to post construction period) has been paid during the year. Up to 31.03.2010 this has been shown as reduction from toll revenue payable to GOI, since the interest payment on the loan was to be met out of the toll collection. From 01.04.2010 this is shown as deduction from additional budgetary support (plough-back of toll remittance). Provision for guarantee fee amounting to Rs 1.68 crore (previous year Rs. 1.65 crore) in respect of Government of India guarantee has also been made in the accounts.

NOTE 9

2010-2011

Up to FY 2008-09 negative grants received from concessionaires were shown as capital reserve. From FY 2009-10 the same is being shown as payable to GoI as shown in Schedule 2 and Schedule 8. The amount of toll revenue, shared revenue and negative grant up to 31.03.2010 was accounted for in the financing plan of NHAI and as such utilized on development and maintenance of National Highways (NH).

NOTE 10

2016-17

The GoI has decided that from 1.04.2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India and additional budgetary provisions would be provided for expenditure from the Consolidated Fund of India (CFI) in line with the amount deposited by NHAI in CFI. During 2016-17 NHAI has deposited a total amount of Rs. 7077.52crore (toll revenue Rs. 4476.72 crore, shared revenue Rs. 1858.70 crore, negative grant Rs. 742.10 crore) in Consolidated Fund of India as per the direction of Ministry. Ministry, during 2016-17 has released Rs. 7500.00 crore (previous year Rs. 6500.00 crore) to NHAI against Plough back of toll revenue through Permanent Bridge Fee Fund (PBFF) to meet the expenditure on development, operation and maintenance of National Highways, toll collection activities and repayment of loans etc.

2015-2016

The GoI has decided that from 1.04.2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India and additional budgetary provisions would be provided for expenditure from the Consolidated Fund of India (CFI) in line with the amount deposited by NHAI in CFI. During 2015-16 NHAI has deposited a total amount of Rs. 6745.84 crore (toll revenue Rs. 4077.52 crore, shared revenue Rs. 1767.23 crore, negative grant Rs. 901.71 crore) in Consolidated Fund of India as per the direction of Ministry. Ministry, during 2015-16 has released Rs. 6500.00 crore (previous year 5448.00 crore) to NHAI as 'Additional Budgetary Support' through Permanent Bridge Fee Fund (PBFF) to meet the expenditure on development, operation and maintenance of National Highways, toll collection activities and repayment of loans etc.

2014-2015

The GoI has decided that from 1.04.2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India and additional budgetary provisions would be provided for expenditure from the Consolidated Fund of India (CFI) in line with the amount deposited by NHAI in CFI. During 2014-15 NHAI has deposited a total amount of Rs. 5927.13 crore (toll revenue Rs. 3148.21 crore, shared revenue Rs. 1678.21 crore, negative grant Rs. 1100.71 crore including interest thereon) in Consolidated Fund of India as per the direction of Ministry. Ministry, during 2014-15 has released Rs. 5448.00 crore (previous year 4770.00 crore) to NHAI as 'Additional Budgetary Support' through Permanent Bridge Fee Fund (PBFF) to meet the expenditure on development, operation and maintenance of National Highways, toll collection activities and repayment of loans etc. As on 31.03.2015 GoI has to release Rs. 3800.30 crore towards plough-back of toll revenue, this includes Rs. 479.13 crores for 2014-15.

2013-2014

The GoI has decided that from 1.04.2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India and additional budgetary provisions would be provided for expenditure from the Consolidated Fund of India (CFI) in line with the amount deposited by NHAI in CFI. During 2013-14 NHAI has deposited a total amount of Rs. 5144.67 crore (toll revenue Rs. 2827.48 crore, shared revenue Rs. 1279.83 crore, negative grant Rs. 1037.36 crore including interest thereon) in Consolidated Fund of India as per the direction of Ministry. Ministry, during 2013-14 has released Rs. 4770.00 crore (previous year 1777.00 crore) to NHAI as 'Additional Budgetary Support' through Permanent Bridge Fee Fund (PBFF) to meet the expenditure on development, operation and maintenance of National Highways, toll collection activities and repayment of loans etc. As on 31.03.2014 GoI has to release Rs. 3321.17 crore towards plough-back of toll revenue, this includes Rs. 374.67 crores for 2013-14.

2012-2013

The GoI has decided that from 1.04.2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India and additional budgetary provisions would be provided for expenditure from the Consolidated Fund of India (CFI) in line with the amount deposited by NHAI in CFI. During 2012-13 NHAI has deposited a total amount of Rs. 3895.14 crore (toll revenue Rs. 2385.23 crore, shared revenue Rs. 1011.60 crore, negative grant Rs. 497.17 crore and accrued interest Rs.1.14 crore) in Consolidated Fund of India as per the direction of Ministry. Rs.1777.00 crore (previous year Rs.2692.89 crore) has been ploughed back by Ministry to NHAI as 'Additional Budgetary Support' through Permanent Bridge Fee Fund (PBFF) to meet the expenditure on development, operation and maintenance of National Highways, toll collection activities and repayment of loans etc. Net current liability of pre 1.4.2010 period on account of toll and negative grant etc. stood at Rs. 6183.56 crore. This amount had already been utilized on project development and was no longer payable to GoI. During current financial year, the same has been transferred to capital.

NOTE 11

2016-2017

As mandated under the Union Budget 2016-17, the Authority has issued Capital Gains Tax Exemption Bonds under Section 54-EC of the Income Tax Act, 1961 for an amount of Rs. 5572.74 crore during the year (previous year Rs. 4281.17 crore).

Cumulative expenses on issue of Bonds amounts to Rs 83.00 crores up to 31.03.2017 (up to previous year Rs 72.17 crores).

Cumulative interest on 54 EC bond up to 31.03.2017 amounting to Rs 5597.65 crore (up to previous year Rs 4900.74 crore) has been transferred to "Assets held on behalf of GoI" (Sch-5) after adjusting grant received for servicing of bonds and interest thereon.

2015-2016

As mandated under the Union Budget 2015-16, the Authority has issued Capital Gains Tax Exemption Bonds under Section 54-EC of the Income Tax Act, 1961 for an amount of Rs. 4281.17 crore during the year (previous year Rs. 3343.40 crore). The total expense on issue of Bonds amounts to Rs 72.17 crores up to 31.03.2016 (up to previous year Rs. 66.52 crore). The interest on 54 EC bond from the dates of allotment up to 31.03.2016 amounting to Rs 4900.74 crore (up to previous year Rs 4321.61 crore), after adjusting against the amount of grant received for servicing of bonds, including interest on the unutilized grant, has been shown as part of Capital Work in Progress.

2014-2015

As mandated under the Union Budget 2014-15, the Authority has issued Capital Gains Tax Exemption Bonds under Section 54-EC of the Income Tax Act, 1961 for an amount of Rs. 3343.40 crore during the year (previous year Rs. 2942.13 crore). The total expense on issue of Bonds amounts to Rs 60.43 crores up to 31.03.2015 (up to previous year Rs. 64.29 crore). The interest on 54 EC bond from the dates of allotment up to 31.03.2015 amounting to Rs 4327.70 crore (up to previous year Rs 3798.59 crore), after adjusting against the amount of grant received for servicing of bonds, including interest on the unutilized grant, has been shown as part of Capital Work in Progress.

2013-2014

As mandated under the Union Budget 2013-14, the Authority has issued Capital Gains Tax Exemption Bonds under Section 54- EC of the Income Tax Act, 1961 for an amount of Rs. 2942.13 crore during the year (previous year Rs. 2902.06 crore). The total expense on issue of Bonds amounts to Rs 64.29 crores up to 31.03.2014 (up to previous year Rs. 66.69 crore). The interest on 54 EC bond from the dates of allotment up to 31.03.2014 amounting to Rs 3798.59 crore (up to previous year Rs 3314.60 crore), after adjusting against the amount of grant received for servicing of bonds, including interest on the unutilized grant, has been shown as part of Capital Work in Progress.

2012-2013

As mandated under the Union Budget 2012-13, the Authority has issued Capital Gains Tax Exemption Bonds under Section 54- EC of the Income Tax Act, 1961 for an amount of Rs. 2902.06 crore during the year (previous year Rs. 2511.51crore). These Bonds are secured against a flat at Ahmedabad (Book value Rs.11.97 lacs). The total expense on issue of Bonds amounts to Rs 66.99 crores up to 31.03.2013 (up to previous year Rs. 67.62 crore). The interest on bond from the dates of allotment up to 31.03.2013 amounting to Rs 3314.60 crore (up to previous year Rs 2908.03 crore), after adjusting against the amount of grant received for servicing of bonds, including interest on the unutilized grant, has been shown as part of Capital Work in Progress.

NOTE 12

2016-2017

A) Authority has so far raised Rs. 34000 crores through tax free secured, redeemable, non-convertible bonds (2011-12 Rs. 10000 crore, 2013-14 Rs.5000 crores 2015-16 Rs. 19000 crore). During FY 2016-17, accumulated premium of Rs. 7.49 crore have been transferred to Capital Reserve.

B) During F.Y. 2016-17, Authority has raised Rs. 27545.00 crore by issuing taxable bonds.

All these bonds are secured against first pari passu charge on property situated at Ahmedabad along with the first charge on fixed assets of NHAI, being highway project comprising of all superstructure including highways lightings, road barriers and divider, bridges, culverts and all other superstructures constructed on National Highways except assets under Surat Manor Toll-way project). Central Government has issued a no objection certificate for this. Name and contact details of debenture trustee is as under

SBICAP TRUSTEE COMPANY LIMITED
Khetan Bhavan, 5th Floor,
198, J.T.Road, Churchgate,
Mumbai – 400020
Tel: +91-22-4302 5555
Fax: +91-22-4302 5500
Email: corporate@sbicaptrustee.com
Website: www.sbicaptrustee.com
As on 31.03.2017, No investor complaint was pending for redressal.

2015-2016

Authority has so far raised Rs. 34,000 crores through tax free secured, redeemable, non-convertible bonds (2011-12 Rs. 10,000 crore, 2013-14 Rs.5000 crores, 2015-16 Rs. 19000 crore). These bonds are secured against first pari passu charge on property situated at Ahmedabad along with the first charge on fixed assets of NHAI in the state of Gujarat, being highway project comprising of all superstructure including highways lightings, road barriers and divider, bridges, culverts and all other superstructures constructed on National Highways except assets under Surat Manor Toll-way project). Central Government has issued a no objection certificate for this. Name and contact details of debenture trustee is as under-

SBICAP TRUSTEE COMPANY LIMITED
Khetan Bhavan, 5th Floor,
198, J.T.Road, Churchgate,
Mumbai – 400020
Tel: +91-22-4302 5555
Fax: +91-22-4302 5500
Email: corporate@sbicaptrustee.com
Website: www.sbicaptrustee.com

As on 18.04.2016 there were two investor complaints pending for redressal.

2014-2015

Authority has so far raised Rs. 15,000 crores through tax free secured, redeemable, non-convertible bonds (2014-15 nil, 2013-14 Rs.5000 crores). These bonds are secured against first pari passu charge on property situated at Ahmedabad along with the first charge on fixed assets of NHAI in the state of Gujarat, being highway project comprising of all superstructure including highways lightings, road barriers and divider, bridges, culverts and all other superstructures constructed on National Highways except assets under Surat Manor Toll-way project). Central Government has issued a no objection certificate for this. Name and contact details of debenture trustee is as under-

SBICAP TRUSTEE COMPANY LIMITED
Khetan Bhavan, 5th Floor,
198, J.T.Road, Churchgate,
Mumbai – 400020
Tel: +91-22-4302 5555
Fax: +91-22-4302 5500
Email: corporate@sbicaptrustee.com
Website: www.sbicaptrustee.com
As on 31.03.2015 there is no investor complaint pending for redressal.

2013-2014

During the FY 2013-14, Authority has raised Rs. 5000 crores (Previous year Rs. nil) through tax free secured, redeemable, non- convertible bonds, out of which Rs. 1301.60 crore has been raised through Private placement with a premium of Rs. 0.45 crore and Rs. 3698.40 crore has been raised through Public issue.

These bonds are secured against first pari passu charge on property situated at Ahmedabad along with the first charge on fixed assets of NHAI in the state of Gujarat, being highway project comprising of all superstructure including highways lightings, road barriers and divider, bridges, culverts and all other superstructures constructed on National Highways except assets under Surat Manor Toll-way project). In this regard no objection certificate has been obtained from Central Government vide MoRTH letter No. 24028/08/2013-H dated 14 Nov. 2013. Name and contact details of debenture trustee is as under-

SBICAP TRUSTEE COMPANY LIMITED
Khetan Bhavan, 5th Floor, 198, J.T.Road, Churchgate,
Mumbai – 400020
Tel: +91-22-4302 5555
Fax: +91-22-4302 5500
Email: corporate@sbicaptrustee.com Website: www.sbicaptrustee.com

2012-2013

Authority has not taken any overdraft from banks during current as well as previous year.

NOTE 13

2015-2016

Claims recoverable include an amount of Rs 100.47 crore, including interest up to 31.03.2010, recoverable from M/s Ganapati Tolls, an erstwhile toll gate contractor. The Authority has initiated legal action for recovery against the said contractor. The matter is currently pending with the Delhi High Court.

2014-2015

Claims recoverable include an amount of Rs 100.47 crore, including interest up to 31.03.2010, recoverable from M/s Ganapati Tolls, an erstwhile toll gate contractor. The Authority has initiated legal action for recovery against the said contractor. The matter is currently pending with the Delhi High Court.

2013-2014

Claims recoverable include an amount of Rs 100.47 crore, including interest up to 31.03.2010, recoverable from M/s Ganapati Tolls, an erstwhile toll gate contractor. The Authority has initiated legal action for recovery against the said contractor. The matter is currently pending with the Delhi High Court.

2012-2013

Claims recoverable include an amount of Rs 100.47 crore, including interest up to 31.03.2010, recoverable from M/s Ganapati Tolls, an erstwhile toll gate contractor. The Authority has initiated legal action for recovery against the said contractor. The matter is currently pending with the Delhi High Court.

NOTE 14

2016-2017

Provision for accrued liability for Gratuity and Leave encashment as per Gratuity Act and NHAI rules to the tune of Rs. 41.12 crore (last year Rs. 36.81 crore) as on 31.03.2017 has been made in the books. FDR of Rs. 36.81 crore, representing last year's accrual, is proposed to be increased to Rs. 41.12 crore on maturity.

2015-2016

Provision for accrued liability for Gratuity and Leave encashment as per Gratuity Act and NHAI rules to the tune of Rs. 36.81 crore (last year 30.71 crore) as on 31.03.2016 has been made in the books. FDR of Rs. 30.71 crore, representing last year's accrual, has been increased to Rs. 36.81 crore on maturity.

2014-2015

Provision for accrued liability for Gratuity and Leave encashment as per Gratuity Act and NHAI rules to the tune of Rs. 30.71 crore (last year 23.98 crore) as on 31.03.2015 has been made in the books. FDR of Rs. 23.98 crore representing last year's accrual is proposed to be increased to Rs. 30.71 crore on maturity.

2013-2014

Provision for accrued liability for Gratuity and Leave encashment as per Gratuity Act and NHAI rules to the tune of Rs. 23.98 crore (last year 18.89 crore) as on 31.03.2014 has been made in the books. FDR of Rs. 18.89 crore representing last year's accrual is proposed to be increased to Rs. 23.98 crore on maturity.

2012-2013

The liability for Gratuity and Leave encashment has been provided as per Gratuity Act and NHAI rules respectively. An amount of Rs.18.89 crores equal to the accrued liability as on 31.03.2013 for meeting Gratuity and leave encashment liability is proposed to be invested in FDRs with banks.

NOTE 15

2016-2017

NHAI has been granted Income-tax exemption under section 10(23C) (iv) of the Income Tax Act, 1961 on continuous basis vide Order No. DGIT(E)/10(23C)(iv)/2009, dated 13th February, 2009 issued by Director General of Income Tax (Exemptions) granting exemption for AY 2008-09 and onwards. Accordingly provision for Income- tax has not been made as in the previous years.

2015-2016

NHAI has been granted Income-tax exemption under section 10(23C) (iv) of the Income Tax Act, 1961 on continuous basis vide Order No. DGIT(E)/10(23C)(iv)/2009, dated 13th February, 2009 issued by Director General of Income Tax (Exemptions) granting exemption for AY 2008-09 and onwards. Accordingly provision for Income- tax has not been made as in the previous years.

2014-2015

NHAI has been granted Income-tax exemption under section 10(23C) (iv) of the Income Tax Act, 1961 on continuous basis vide Order No. DGIT(E)/10(23C)(iv)/2009, dated 13th February, 2009 issued by Director General of Income Tax (Exemptions) granting exemption for AY 2008-09 and onwards. Accordingly provision for Income- tax has not been made as in the previous years.

2013-2014

NHAI has been granted Income-tax exemption under section 10(23C) (iv) of the Income Tax Act, 1961 on continuous basis vide Order No. DGIT(E)/10(23C)(iv)/2009, dated 13th February, 2009 issued by Director General of Income Tax (Exemptions) granting exemption for AY 2008-09 and onwards. Accordingly provision for Income- tax has not been made as in the previous years.

2012-2013

NHAI has been granted Income-tax exemption under section 10(23C) (iv) of the Income Tax Act, 1961 on continuous basis vide Order No. DGIT(E)/10(23C)(iv)/2009, dated 13th February, 2009 issued by Director General of Income Tax (Exemptions) granting exemption for AY 2008-09 and onwards. Accordingly provision for Income- tax has not been made as in the previous years.

NOTE 16

2016-2017

During the year no loan/advance was granted to Chairman/ Members.

Debts/Loans/Advance due from Chairman/Members - Nil

Maximum amount due from Chairman/Members at any time during the year Nil

2015-2016

During the year no loan/advance was granted to Chairman/ Members.
Debts/Loans/Advance due from Chairman/Members - Nil

Maximum amount due from Chairman/Members at any time during the year Nil

2014-2015

During the year no loan/advance was granted to Chairman/ Members.

Debts/Loans/Advance due from Chairman/Members - Nil

Maximum amount due from Chairman/Members at any time during the year Nil

2013-2014

During the year no loan/advance was granted to Chairman/ Members.

Debts/Loans/Advance due from Chairman/Members Nil

Maximum amount due from Chairman/Members at any time during the year Nil

2012-2013

During the year no loan/advance was granted to Chairman/ Members.

Debts/Loans/Advance due from Chairman/Members - Nil

Maximum amount due from Chairman/Members at any time during the year Nil

NOTE 17

2016-2017

Investment	Amount (Rs.in Crores)
Subsidiary Companies	1165.40
Associate Companies	147.30
Total	1312.70

The Board of Ahmedabad-Vadodara Ex. way Co. Ltd. (AVEXCL), Moradabad Toll Road Co .Ltd. (MTRCL) and Cochin Port Road Company Limited (CPRCL) have approved the winding up of respective companies. Petition for winding up is proposed to be filed with National Company Law Tribunal (NCLT) under the provisions of the Companies Act, 2013 after Statutory Audit for the F.Y. 2016-17.

Out of eleven SPV companies associated with NHAI, nine are incurring losses. Investments of NHAI in the loss making SPV companies have been valued by professional valuers. On the basis of Valuer's report, provision for diminution in the value of investment for Rs. 312.85 crore, Rs. 32.36 crore & Rs. 57.90 crore in respect of AVEXCL, MTRCL & CPRCL respectively have been made in the books.

Toll plough back received from Central Government against the amount remitted by subsidiaries to CFI is passed on to the subsidiaries concerned. During 2016-17 an amount of Rs. 44.78 crore has been passed on to the subsidiaries on this account.

On the request of Moradabad Toll Road Company Limited (MTRCL), Authority has waived off the interest for FY 2011-12 onwards on the loan given to it. Following is the details of loan and advances in the nature of loan to subsidiaries as on 31.03.2017-

Name of Subsidiary	Loans(Rs.) crore	Advances (Rs.) crore
Ahmededadabad-Vadodara Ex. way Co. Ltd.	5.23	-
Mumbai-JNP Port Road Co. Ltd.	-	-
Mormugao Port Road Co. Ltd.	66.41	-
Visakhapatnam Port Road Co. Ltd.	38.50	-
Calcutta-Haldia Port Road Co. Ltd.	438.61	-
Chennai-Ennore Port Road Co. Ltd.	35.93	-
Cochin Port Road Co. Ltd.	188.38	-
Tuticorin Port Road Co. Ltd.	199.97	-
Paradeep Port Road Co. Ltd.	596.14	-
New Manglore Port Road Co. Ltd.	355.67	-
Moradabad Toll Road Co. Ltd.	48.03	
Total	1972.87	-

2015-2016

The investments (at cost) of the Authority in various SPVs as on 31st March 2016 stand at Rs. 1216.53 crore. This includes investment in subsidiary companies to the tune of 1209.03 crore.

Due to transfer of projects to concessionaires through Authority, the Board of Ahmedabad-Vadodara Ex. way Co. Ltd. (AVEXCL) and Moradabad Toll Road Co. Ltd. (MTRCL) have approved their winding up which have to undergo solvency audit before liquidator is appointed. The cut-off date for Solvency Audit as required under Companies Act, 2013 has been taken as 31.12.2016.

Toll plough back received from Central Government against the amount remitted by subsidiaries to CFI is passed on to the subsidiaries concerned. During 2015-16 an amount of Rs. 69.56 crore has been passed on to the subsidiaries on this account.

On the request of Moradabad Toll Road Company Limited (MTRCL), Authority has waived off the interest for FY 2011-12 onwards on the loan given to it. Following is the details of loan and advances in the nature of loans to subsidiaries as on 31.03.2016-

Name of Subsidiary	Loans(Rs.) crore	Advances (Rs.) crore
Ahmededabad-Vadodara Ex. way Co. Ltd.	25.68	-
Mumbai-JNP Port Road Co. Ltd.	-	-
Mormugao Port Road Co. Ltd.	47.85	-
Visakhapatnam Port Road Co. Ltd.	38.12	-
Calcutta-Haldia Port Road Co. Ltd.	442.47	-
Chennai-Ennore Port Road Co. Ltd.	33.04	-
Cochin Port Road Co. Ltd.	171.01	-
Tuticorin Port Road Co. Ltd.	182.00	-
Paradeep Port Road Co. Ltd.	566.72	-
New Manglore Port Road Co. Ltd.	326.98	-
Moradabad Toll Road Co. Ltd.	48.03	
Total	1881.90	-

2014-2015

The investment of the Authority in various SPVs stand at Rs.1216.25 crore as on 31st March 2015 and as per the format approved by C&AG the same is shown in schedule 6 at cost. A revised format of accounts is under consideration of Central Government for approval in consultation with C&AG.

Due to transfer of projects to concessionaires through Authority, the Board of Ahmededabad-Vadodara Ex. way Co. Ltd. (AVEXCL) and Moradabad Toll Road Co. Ltd. (MTRCL) have approved their winding up which have to undergo solvency audit before liquidator is appointed.

Toll plough back received from Central Government against the amount remitted by subsidiaries to CFI is passed on to the subsidiaries concerned. During 2014-15 an amount of Rs. 37.73 crore has been passed on to the subsidiaries on this account.

On the request of Moradabad Toll Road Company Limited (MTRCL), Authority has waived off the interest for FY 2011-12 onwards on the loan given to it. Following is the details of loan and advances in the nature of loans to subsidiaries as on 31.03.2015-

Name of Subsidiary	Loans(Rs.) crore	Advances (Rs.) crore
Ahmededabad-Vadodara Ex. way Co. Ltd.	23.46	-
Mumbai-JNP Port Road Co. Ltd.	-	-
Mormugao Port Road Co. Ltd.	41.61	-
Visakhapatnam Port Road Co. Ltd.	36.47	-
Calcutta-Haldia Port Road Co. Ltd.	432.77	-
Chennai-Ennore Port Road Co. Ltd.	44.67	-
Cochin Port Road Co. Ltd.	162.00	-
Tuticorin Port Road Co. Ltd.	175.35	-
Paradeep Port Road Co. Ltd.	458.58	-
New Manglore Port Road Co. Ltd.	268.27	-
Moradabad Toll Road Co. Ltd.	48.03	
Total	1691.21	-

2013-2014

The investment of the Authority in various SPVs stand at Rs.1209.03 crore as on 31st March 2014 and Loan at Rs.1529.84 crore. On the request of Moradabad Toll Road Company Limited (MTRCL), Authority has waived off the interest for FY 2011-12 onwards on the loan given to it. Following is the details of loan and advances in the nature of loans to subsidiaries as on 31.03.2014-

Name of Subsidiary	Loans(Rs.) crore	Advances (Rs.) crore
Ahmededabad-Vadodara Ex. way Co. Ltd.	21.44	-

Name of Subsidiary	Loans(Rs.) crore	Advances (Rs.) crore
Mumbai-JNP Port Road Co. Ltd.	0.00	-
Mormugao Port Road Co. Ltd.	39.25	-
Visakhapatnam Port Road Co. Ltd.	43.40	-
Calcutta-Haldia Port Road Co. Ltd.	423.28	-
Chennai-Ennore Port Road Co. Ltd.	2.92	-
Cochin Port Road Co. Ltd.	146.64	-
Tuticorin Port Road Co. Ltd.	163.65	-
Paradeep Port Road Co. Ltd.	431.41	-
New Manglore Port Road Co. Ltd.	209.82	-
Moradabad Toll Road Co. Ltd.	48.03	
Total	1529.84	-

2012-2013

The investment of the Authority in various SPVs stand at Rs.1198.47 crore as on 31st March 2013 and Loan at Rs.1380.54 crore. On the request of Moradabad Toll Road Company Limited (MTRCL), Authority has waived off the interest for FY 2011-12 onwards on the loan given to it. Following is the details of loan and advances in the nature of loans to subsidiaries as on 31.03.2013-

Name of Subsidiary	Loans(Rs.) crore	Advances (Rs.) crore
Ahmedadabad-Vadodara Ex. way Co. Ltd.	19.59	-
Mumbai-JNP Port Road Co. Ltd.	0.00	-
Mormugao Port Road Co. Ltd.	32.97	-
Visakhapatnam Port Road Co. Ltd.	49.64	-
Calcutta-Haldia Port Road Co. Ltd.	368.83	-
Chennai-Ennore Port Road Co. Ltd.	00.00	-
Cochin Port Road Co. Ltd.	142.72	-
Tuticorin Port Road Co. Ltd.	145.13	-
Paradeep Port Road Co. Ltd.	408.23	-
New Manglore Port Road Co. Ltd.	165.40	-
Moradabad Toll Road Co. Ltd.	48.03	
Total	1380.54	-

NOTE 18

2013-2014

Under Public-Private Partnership up to 31.03.2014, 60 number of BOT (Toll) Projects (covering a length of 3711.00 Km) on completion have achieved COD.

2012-2013

Under Public-Private Partnership up to 31.03.2013, 55 number of BOT (Toll) Projects (covering a length of 3337.270 Km) on completion have achieved CoD.

NOTE 19

2016-2017

Under the BOT (Annuity) contracts, fixed half-yearly annuities over a period of 12 to 18 years from the dates of completion of the projects amounting to Rs.59127.70 crores are required to be paid by the Authority. Out of this, an amount of Rs. 19838.72 crores has been paid till 31.03.2017 (up to previous year Rs. 16057.58 crores), which has been included in Assets held on behalf of GoI.

2015-2016

Under the BOT (Annuity) contracts, fixed half-yearly annuities over a period of 12 to 18 years from the dates of completion of the projects amounting to Rs.54347.70 crores are required to be paid by the Authority. Out of this, an amount of Rs. 16057.58 crores has been paid till 31.03.2016 (up to previous year Rs. 12438.79 crore), which has been included in CWIP.

2014-2015

A total number of 30 Annuity Projects (covering a length of 1826.604 Km) executed under Public-Private Partnership has been completed as on 31.03.2015. Under the said contracts, fixed half-yearly annuities over a period of 12 to 18 years from the dates of completion of the projects amounting to Rs.40911.37 crores are required to be paid by the Authority. Out of this, an amount of Rs. 12438.79 crores has been paid till 31.03.2015 (up to previous year Rs. 10177.55 crore), which has been included in CWIP.

2013-2014

A total number of 27 Annuity Projects (covering a length of 1536.19 Km) executed under Public-Private Partnership has been completed as on 31.03.2014. Under the said contracts, fixed half-yearly annuities over a period of 15 to 20 years from the dates of completion of the projects amounting to Rs.31867.93 crores are required to be paid by the Authority. Out of this, an amount of Rs. 10177.55 crores has been paid till 31.03.2014 (up to previous year Rs. 8156.47 crore), which has been included in 'Expenditure on completed projects.

2012-2013

A total number of 23 Annuity Projects (covering a length of 1254.09 Km) executed under Public-Private Partnership has been completed as on 31.03.2013. Under the said contracts, fixed half-yearly annuities over a period of 15 to 20 years from the dates of completion of the projects amounting to Rs.27357.52 crores are required to be paid by the Authority. Out of this, an amount of Rs. 8156.47 crores has been paid till 31.03.2013 (up to previous year Rs. 6272.89 crore), which has been included in 'Expenditure on completed projects.

NOTE 20

2016-2017

During 2012-13 a fraudulent withdrawal of Rs. 1.06 crore from one of the bank accounts of Competent Authority Land Acquisition (CALA) was detected under PIU-Chandigarh. Out of this, a sum of Rs. 18.45 lacs has been recovered by police and lying with the court as 'case property'. Further, with the intervention of Court, compensation to the tune of Rs. 27.00 lacs has been paid to one of the land holders for whom this compensation was meant for. As per the minutes of meetings dated 22.04.2014 Punjab Government has to pay the remaining amount of compensation.

2015-2016

(a) The bank guarantees submitted by contractors amounting to Rs.82.63 crores were subsequently found to be forged and their contracts have since been terminated by the Authority. The Authority has initiated legal action for recovery from the contractors against the forged bank guarantees. The matter is currently pending in Arbitration/Court.

(b) During 2012-13 a fraudulent withdrawal of Rs. 1.06 crore from one of the bank accounts of Competent Authority Land Acquisition (CALA) has been detected under PIU-Chandigarh. Out of this a sum of Rs. 18.45 Lacs has been recovered by police and lying with the court as 'case property'. Further, with the intervention of Court, compensation to the tune of Rs. 27.00 lacs has been paid to one of the land holders for whom this compensation was meant. As per the minutes of meetings dated 22.04.2014 Punjab Government has to pay the remaining amount of compensation.

2014-2015

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(b) During 2012-13 a fraudulent withdrawal of Rs. 1.06 crore from one of the bank accounts of Competent Authority Land Acquisition (CALA) has been detected under PIU-Chandigarh. The matter is under investigation.

2013-2014

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(b) During 2012-13 a fraudulent withdrawal of Rs. 1.06 crore from one of the bank accounts of Competent Authority Land Acquisition (CALA) has been detected under PIU-Chandigarh. The matter is under investigation.

NOTE 21

2013-2014

The value of Capital Works in Progress and the Expenditure on completed projects awaiting capitalization/transfer includes the value of assets like office furniture, mobile phones, computers, and other equipment etc., received as per the agreements entered into with the contractors/consultants. Depreciation has not been provided on completed projects and these assets, as and when a decision is taken regarding capitalization, these expenses will be capitalized under appropriate heads of fixed assets.

2012-2013

The value of Capital Works in Progress and the Expenditure on completed projects awaiting capitalization/transfer includes the value of assets like office furniture, mobile phones, computers, and other equipments etc., received as per the agreements entered into with the contractors/consultants. Depreciation has not been provided on completed projects and these assets, as and when a decision is taken regarding capitalization, these expenses will be capitalized under appropriate heads of fixed assets.

As against earlier policy of charging depreciation on assets at full rate regardless of period for which asset is available for/put to use; from financial year 2012-13 authority has changed its policy and is charging depreciation @ 50% of the rate if asset is available for/put to use for less than 180 days in a given financial year.

NOTE 22

2016-2017

As explained in Significant Accounting Policies of NHAI, agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1st April, 2008.

(a) 1% on all capital works projects, including on the total expenditure on EPC, BOT (Toll), BOT (Annuity) and SPV projects

(b) 9% on the expenditure on maintenance of highways directly done by NHAI;

(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

All administrative expenditure, after setting off the receipts is charged to capital-work-in-progress within the overall ceiling of Agency Charges.

Memorandum Account of Agency Charges

Particulars	Amount (Rs. in cr.)
Agency charges - Opening balance as on 01.04.2017	1877.91
Add: Agency charges for the FY 2016-17	576.36
Total	**2454.27**
Less: Net Administrative expenses for the year transferred to schedule-5	278.72
Agency Charges: Balance as on 31.03.2017	2175.55

2015-2016

As explained in Significant Accounting Policies of NHAI, agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1st April, 2008.

(a) 1% on all capital works projects, including on the total expenditure on EPC, BOT (Toll), BOT (Annuity) and SPV projects

(b) 9% on the expenditure on maintenance of highways directly done by NHAI;

(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

All administrative expenditure, after setting off the receipts is charged to capital-work-in-progress within the overall ceiling of Agency Charges.

Memorandum Account of Agency Charges

Particulars	Amount (Rs. in cr.)
Agency charges - Opening balance as on 01.04.2015	1425.24
Add: Agency charges for the FY 2015-16	681.57
Total	**2106.81**
Less: Net Administrative expenses for the year charged to CWIP	228.90
Agency Charges: Balance Carried forward 31.03.2016	1877.91

2014-2015

As explained in Significant Accounting Policies of NHAI, agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1st April, 2008.

(a) 1% on all capital works projects, including on the total expenditure on EPC, BOT (Toll), BOT (Annuity) and SPV projects

(b) 9% on the expenditure on maintenance of highways directly done by NHAI;

(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

All administrative expenditure, after setting off the receipts is charged to capital-work-in-progress within the overall ceiling of Agency Charges.

Memorandum Account of Agency Charges

Particulars	Amount (Rs. in cr.)
Agency charges - Opening balance as on 01.04.2014	1219.98
Add: Agency charges for the FY 2014-15	411.69
Total	1631.67
Less: Net Administrative expenses for the year charged to CWIP	206.43
Agency Charges: Balance Carried forward 31.03.2015	1425.24

2013-2014

As explained in Significant Accounting Policies of NHAI, agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1st April, 2008.

(a) 1% on all capital works projects, including on the total expenditure on EPC, BOT (Toll), BOT (Annuity) and SPV projects

(b) 9% on the expenditure on maintenance of highways directly done by NHAI;

(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

All administrative expenditure, after setting off the receipts is charged to capital-work-in-progress within the overall ceiling of Agency Charges.

Memorandum Account of Agency Charges

Particulars	Amount (Rs. in cr.)
Agency charges - Opening balance as on 01.04.2013	1016.64
Add: Agency charges for the FY.2013-14	397.10
Total	1413.74
Less: Net Administrative expenses for the year charged to CWIP	193.76
Agency Charges: Balance Carried forward 31.03.2014	1219.98

2012-2013

As explained in Significant Accounting Policies of NHAI, agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1stApril, 2008.

(g) 1% on all capital works projects, including on the total expenditure on BOT (Toll), BOT (Annuity) and SPV projects

(h) 9% on the expenditure on maintenance of highways directly done by NHAI;

(i) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

All administrative expenditure, after setting off the receipts is charged to capital-work-in-progress within the overall ceiling of Agency Charges.

Memorandum Account of Agency Charges

Particulars	Amount (Rs. in crores)
Agency charges - Opening balance as on 01.04.2012	838.75
Add: Agency charges for the FY.2012-13	335.01
Total	1173.76
Less: Net Administrative expenses for the year charged to CWIP	157.12
Agency Charges: Balance Carried forward 31.03.2013	1016.64

Reserves and surplus of Rs.411.98 crore mainly consist of Agency Charges, recognized notionally, for the period up to 31.03.2008.

NOTE 23

2016-2017

With respect to the Members' Responsibility Statement, it is hereby confirmed that:

a. Authority not being a Company registered under the Companies Act, 1956, Accounting Standards are not applicable, however to give a true and fair view to the statements of accounts Accounting Standards related to the area of operations of the Authority have generally been followed, only exception being AS-15, AS-17 and AS-21.

b. The Members' have selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Authority at the end of the year;

c. The Members' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with section 34(2)(g) of the NHAI Act, 1988 for safeguard of the assets of the Authority and for preventing and detecting fraud and other irregularities.

d. The Members' have prepared the annual accounts of the Authority on a "going concern" basis.

e. No income/fund of NHAI for the year ended 31st March 2017 has been used or applied directly or indirectly for the benefit of Board Members, their relatives and entities in which Board Members or their relatives have substantial interest.

f. All receipts of NHAI viz Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is being maintained for utilization of NHAI Bond collection proceeds.

2015-2016

With respect to the Members' Responsibility Statement, it is hereby confirmed that:

g. Authority not being a Company registered under the Companies Act, 1956, Accounting Standards are not applicable, however to give a true and fair view to the statements of accounts Accounting Standards related to the area of operations of the Authority have generally been followed, only exception being AS-15, AS-17 and AS-21.

h. The Members' have selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Authority at the end of the year;

i. The Members' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with section 34(2)(g) of the NHAI Act, 1988 for safeguard of the assets of the Authority and for preventing and detecting fraud and other irregularities.

j. The Members' have prepared the annual accounts of the Authority on a "going concern" basis.

k. No income/fund of NHAI for the year ended 31st March 2016 has been used or applied directly or indirectly for the benefit of Board Members, their relatives and entities in which Board Members or their relatives have substantial interest.

l. All receipts of NHAI viz Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is being maintained for utilization of NHAI Bond collection proceeds.

2014-2015

With respect to the Members' Responsibility Statement, it is hereby confirmed that:

m. Authority not being a Company registered under the Companies Act, 1956, Accounting Standards are not applicable, however to give a true and fair view to the statements of accounts Accounting Standards related to the area of operations of the Authority have generally been followed, only exception being AS-15, AS-17 and AS-21.

n. The Members' have selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Authority at the end of the year;

o. The Members' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with section 34(2)(g) of the NHAI Act, 1988 for safeguard of the assets of the Authority and for preventing and detecting fraud and other irregularities.

p. The Members' have prepared the annual accounts of the Authority on a "going concern" basis.

q. No income/fund of NHAI for the year ended 31st March 2015 has been used or applied directly or indirectly for the benefit of Board Members, their relatives and entities in which Board Members or their relatives have substantial interest.

r. All receipts of NHAI viz Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is being maintained for utilization of NHAI Bond collection proceeds.

2013-2014

With respect to the Members' Responsibility Statement, it is hereby confirmed that:

(b) Authority not being a Company registered under the Companies Act, 1956, Accounting Standards are not applicable, however to give a true and fair view to the statements of accounts, Accounting Standards, related to the area of operations of the Authority, have generally been followed, only exception being AS-15, AS-17 and AS-21.

(c) The Members' have selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Authority at the end of the year;

(d) The Members' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with section 34(2)(g) of the NHAI Act, 1988 for safeguard of the assets of the Authority and for preventing and detecting fraud and other irregularities.

(e) The Members' have prepared the annual accounts of the Authority on a "going concern" basis.

(f) No income/fund of NHAI for the year ended 31st March 2014 has been used or applied directly or indirectly for the benefit of Board Members, their relatives and entities in which Board Members or their relatives have substantial interest.

(g) All receipts of NHAI viz Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is maintained for utilization of NHAI Bond proceeds.

2012-2013

With respect to the Members' Responsibility Statement, it is hereby confirmed that:

a. Authority not being a Company registered under the Companies Act, 1956, Accounting Standards are not applicable, however to give a true and fair view to the statements of accounts Accounting Standards related to the area of operations of the Authority have generally been followed, only exception being AS-15, AS-17 and AS-21.

b. The Members' have selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Authority at the end of the year;

c. The Members' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with section 34(2)(g) of the NHAI Act, 1988 for safeguard of the assets of the Authority and for preventing and detecting fraud and other irregularities.

d. The Members' have prepared the annual accounts of the Authority on a "going concern" basis.

e. No income/fund of NHAI for the year ended 31st March 2013 has been used or applied directly or indirectly for the benefit of Board Members, their relatives and entities in which Board Members or their relatives have substantial interest.

f. All receipts of NHAI viz Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is being maintained for utilization of NHAI Bond collection proceeds.

NOTE 24

2016-2017

Previous year's figures have been regrouped and rearranged, wherever necessary to make them comparable with current year figures.

2015-2016

Previous year's figures have been regrouped and rearranged, wherever necessary to make them comparable with current year figures.

2014-2015

Previous year's figures have been regrouped and rearranged, wherever necessary.

2013-2014

Previous year's figures have been regrouped and rearranged, wherever necessary.

2012-2013

Previous year's figures have been regrouped and rearranged, wherever necessary.

NOTE 25

2016-2017

Contingent Liability not acknowledged as debt:

(i) There are 125 Arbitration and 100 court cases involving Rs. 42074.63 crore and Euro 262181.00 pending against Authority. Authority has also filed 38 Arbitration and 21 Court cases against contractors/concessionaires involving Rs.12000.49 crore and $ 71205.00. Authority has also given bank guarantee to the tune of Rs. 70.51 crore and has deposited of Rs. 790.87 crore in the form of FDRs as per various court orders. In respect of other claims/legal cases, the liability is not ascertainable at present.

(ii) Authority has so far issued Letters of Credits to the tune of Rs. 619.48 crore for payment of annuities.

(iii) The total cost of EPC contracts remaining to be executed as on 31.3.2017 is Rs. 44378.65 crore.

2015-2016

Contingent Liability not acknowledged as debt:

(i) The Delhi Development Authority (DDA) has allotted three plots of land under leasehold to the Authority for construction of the Office Building and Staff Quarters. These lease being perpetual in nature are not being amortized. Details are as under-

Sl. No.	Land (sq. m)	Address	Nature	Premium Paid to DDA (Rs. crore)	Remarks
1	8096	G-5 & G-6, Sector- 10, Dwarka, New Delhi-110075. (Office Building)	Perpetual	0.52	-
2	6225	Plot No.- B-5, Sector-17, Dwarka, New Delhi-110075. (Residential Complex)	Perpetual	2.53	-
3	6072	G-3, Secter-10, Dwarka, New Delhi- (Office Building)	Perpetual	0.84	Lease yet to be signed
4	982	G-3, Secter-10, Dwarka, New Delhi- (Office Building)	Perpetual	8.00	
5	4047	NHAI Complex, Sector 2A, Bidhannagar, Durgapur-713212	Perpetual	0.30	-

As per allotment letter, pending revision of rates, premium paid to DDA is provisional.

(ii) There are 119 Arbitration and 97 court cases involving Rs. 30071.32 crore and Euro 262181.00 pending against Authority. Authority has also filed 32 Arbitration and 10 Court cases against contractors/concessionaires involving Rs.6291.69 crore and $ 71205.00. Authority has also given bank guarantee to the tune of Rs. 70.51 crore and Fixed deposits of Rs. 510.24 crore as per various court orders. In respect of other claims/legal cases, the liability is not ascertainable at present.

(iii) Authority has so far issued Letters of Credits to the tune of Rs. 619.48 crore for payment of annuities.

(iv) The total cost of EPC contracts remaining to be executed as on 31.3.2016 is Rs. 25,101.85 crore.

2014-2015

Contingent Liability not acknowledged as debt:

(ii) The Delhi Development Authority (DDA) has allotted three plots of land under leasehold to the Authority for construction of the Office Building and Staff Quarters. These lease being perpetual in nature are not being amortized. Details are as under-

Sl. No.	Land (sq. m)	Address	Nature	Premium Paid to DDA (Rs. crore)	Remarks
1	8096	G-5 & G-6, Sector- 10, Dwarka, New Delhi-110075. (Office Building)	Perpetual	0.52	-
2	6225	Plot No.- B-5, Sector-17, Dwarka, New Delhi-110075. (Residential Complex)	Perpetual	2.53	-
3	6072	G-3, Secter-10, Dwarka, New Delhi- (Office Building)	Perpetual	0.84	Lease yet to be signed
4	982	G-3, Secter-10, Dwarka, New Delhi- (Office Building)	Perpetual	8.00	

As per the allotment letter, the premium paid to DDA is provisional pending the revision of rates. The office building and staff quarters at PIU Durgapur have been constructed on leasehold land.

(ii) There are 113 Arbitration and 83 court cases involving Rs. 22426.40 crore and Euro 350154.00 pending against Authority. Authority has also filed 23 Arbitration and 14 Court cases against contractors/concessionaires involving Rs.6928.27 crore. Authority has also arranged bank guarantee to the tune of Rs. 67.48 crore and Fixed deposits of Rs.535.74 crore as per various court orders. In respect of other claims/legal cases, the liability is not ascertainable at present.

(iii) Authority has so far issued Letters of Credits to the tune of Rs. 619.48 crore for payment of annuities.

(iv) The total project cost of EPC contracts under implementation as on 31.3.2015 is Rs. 29,648 crore.

2013-2014

Contingent Liability not acknowledged as debt:

(iii) The Delhi Development Authority (DDA) has allotted three plots of land under leasehold to the Authority for construction of the Office Building and Staff Quarters. These lease being perpetual in nature are not being amortized. Details are as under-

Sl. No.	Land (sq. m)	Address	Nature	Premium Paid to DDA (Rs. crore)	Remarks
1	8096	G-5 & G-6, Sector- 10, Dwarka, New Delhi-110075. (Office Building)	Perpetual	0.52	-
2	6225	Plot No.- B-5, Sector-17, Dwarka, New Delhi-110075. (Residential Complex)	Perpetual	2.53	-
3	6072	G-3, Secter-10, Dwarka, New Delhi- (Office Building)	Perpetual	0.84	se yet to be signed

As per the allotment letter, the premium paid to DDA is provisional pending the revision of rates. The office building and staff quarters at PIU Durgapur have been constructed on leasehold land.

(iv) There are 143 Arbitration and 85 court cases involving Rs. 20952.42 crore pending against Authority. Authority has also filed 26 Arbitration and 11 Court cases against contractors/concessionaires involving Rs.5279.05 crore. Authority has also arranged bank guarantee to the tune of Rs. 70.16 crore and Fixed deposits of Rs.138.21 crore as per various court orders. In respect of other claims/legal cases, the liability is not ascertainable at present.

(v) Authority has so far issued Letters of Credits to the tune of Rs. 619.48 crore for payment of annuities.

(vi) The total project cost of EPC contracts under implementation as on 31.3.2014 is Rs. 15,728 crore.

2012-2013

Contingent Liability not acknowledged as debt:

(i) The Delhi Development Authority (DDA) has allotted three plots of land under leasehold to the Authority for construction of the Office Building and Staff Quarters. These leases being perpetual in nature are not being amortized. Details are as under-

S No.	Land (sq. m)	Address	Nature	Premium Paid to DDA (Rs. crore)	Remarks
1	8096	G-5 & G-6, Sector- 10, Dwarka, New Delhi-110075. (Office Building)	Perpetual	0.52	-
2	6225	Plot No. - B-5, Sector-17, Dwarka, New Delhi-110075. (Residential Complex)	Perpetual	2.53	-
3	6072	G-3, Secter-10, Dwarka, New Delhi- (Office Building)	Perpetual	0.84	Lease yet to be signed

As per the allotment letter, the premium paid to DDA is provisional pending the revision of rates. Demand on account of revision of rates, if any, is not raised by DDA. The office building and staff quarters at PIU Durgapur have been constructed on leasehold land.

(ii) There are 162 Arbitration and 84 court cases involving Rs. 14002.59 crore pending against Authority. Authority has also filed 32 Arbitration and 11 Court cases against contractors/concessionaires involving Rs.3382.20 crore. Authority has also arranged bank guarantee to the tune of Rs. 220.60 crore and Fixed deposits of Rs.127.12 crore as per various court orders. In respect of other claims/legal cases, the liability is not ascertainable at present.

(iii) Authority has so far issued Letters of Credits to the tune of Rs. 565.58 crore for payment of annuities.

(iv) The total project cost of EPC contracts under implementation as on 31.3.2013 is Rs. 14,075 crore.

NOTE 26

2012-2013

During the FY 2012-13, Authority has raised Rs. Nil (Previous year Rs. 10000 crores) through Public issue of tax free secured, redeemable, non-convertible bonds. These bonds are secured against first paripassu charge on property situated at Ahmedabad along with the first charge on fixed assets of NHAI (as reflected in balance sheet for FY ended 31.03.2011), being highway project comprising of all superstructure including highways lightings, road barriers and divider, bridges, culverts and all other superstructures constructed on National Highways except assets under Surat Manor Toll-way project). In this regard no objection certificate has been obtained from Central Government vide MoRTH letter No. RW/NH-39011/37/2011-P&P (Pt.) dated 05thDecember, 2011.

NOTE 27

2016-2017

Title of the land on which highways are constructed is with Government of India. Cost of land acquired by NHAI in respect of ongoing and completed projects is reflected under Assets held on behalf of GoI.

During 2016-17, Authority has introduced Central CALA account system for payment of land compensation (refer Significant Accounting Policy 4). Majority of old CALA accounts under old system have been closed by transferring the balance to Central CALA account. Undisbursed balances lying in the remaining bank accounts and Central CALA account have been accounted for through a contra entry in schedule 7 & 8.

2015-2016

Title of the land on which highways are constructed is with Government of India. However cost of land acquired by NHAI in respect of ongoing and completed projects are reflected under Capital Work in Progress (CWIP) and Expenditure on completed projects respectively.

2014-2015

Title of the land on which highways are constructed is with Government of India. However cost of land acquired by NHAI in respect of ongoing and completed projects are reflected under Capital Work in Progress (CWIP) and Expenditure on completed projects respectively.

2013-2014

Title of the land on which highways are constructed is with Government of India. However cost of land acquired by NHAI in respect of ongoing and completed projects are reflected under Capital Work in Progress (CWIP) and Expenditure on completed projects respectively.

2012-2013

Title of the land on which highways are constructed is with Government of India. However cost of land acquired by NHAI in respect of ongoing and completed projects are reflected under Capital Work in Progress (CWIP) and Expenditure on completed projects respectively.

NOTE 28

2016-2017

a) Against a deposit of Rs. 800.25 crore, Authority has spent Rs. 3990.03 crore on Eastern Peripheral Expressway thus the recoverable stands at Rs. 3189.78 crore.

b) Authority, on the basis of direction received from MoRTH, is making payments for some of the NHDP phase-IV project, which are under the direct control of MoRTH. Up to 31st March, 2016, Rs. 1921.52 crore was paid by Authority and was shown under "Assets held on behalf of GoI" (earlier CWIP). During 2016-17, this expenditure has been reduced from CWIP and transferred to Current Assets under the head "Recoverable from MoRTH". Accumulated amount of such recoverable as on 31st March, 2017, is Rs. 3378.82 crore.

2015-2016

Against a deposit of Rs. 800.25 crore, Authority has spent Rs. 1777.58 crore on Eastern Peripheral Expressway thus the recoverable stands at Rs. 977.33 crore.

2014-2015

Against a deposit of Rs. 800.25 crore, Authority has spent Rs. 1255.53 crore on Eastern Peripheral Expressway thus the recoverable stands at Rs.455.28 crore.

2013-2014

Against a deposit of Rs. 800.25 crore, Authority has spent Rs. 1194.13 crore on Eastern Peripheral Expressway thus the recoverable stands at Rs.393.88 crore.

2012-2013

Against a deposit of Rs. 800.25 crore, Authority has spent Rs. 1138.99 crore on Eastern Peripheral Expressway thus the recoverable stands at Rs.338.74 crore.

NOTE 29

2016-2017

Under the BOT (Annuity) contracts, fixed half-yearly annuities over a period of 12 to 18 years from the dates of completion of the projects amounting to Rs.59127.70 crores are required to be paid by the Authority. Out of this, an amount of Rs. 19838.72 crores has been paid till 31.03.2017 (up to previous year Rs. 16057.58 crores), which has been included in Assets held on behalf of GoI.

2015-2016

Under the BOT (Annuity) contracts, fixed half-yearly annuities over a period of 12 to 18 years from the dates of completion of the projects amounting to Rs.54347.70 crores are required to be paid by the Authority. Out of this, an amount of Rs. 16057.58 crores has been paid till 31.03.2016 (up to previous year Rs. 12438.79 crore), which has been included in CWIP.

2014-2015

On the BOT (Toll) and (Annuity) Projects up to 2013-14 a sum of Rs.98005.76 crores approximately (up to 2012-13 Rs. 89699.36 crore) have been expended by various concessionaires, which is over and above the amount incurred by NHAI shown as expenditure on completed projects awaiting transfer/capitalization.

2013-2014

On the BOT (Toll) and Annuity Projects up to 2012-13 a sum of Rs.89,699.36 crores approximately (up to 2011-12 Rs. 63,149.02 crore (corrected)) have been expended by various concessionaires, which is over and above the amount incurred by NHAI shown as expenditure on completed projects awaiting transfer/capitalization.

2012-2013

On the completed BOT (Toll) and Annuity Projects up to 2011-12 a sum of Rs.108301.99 crores approximately have been expended by various concessionaires, which is over and above the amount incurred by NHAI shown as expenditure on completed projects awaiting transfer/capitalization.

NOTE 30

2013-2014

During the year, on the advice of statutory auditors, accumulated Reserves and Surplus to the tune of Rs. 411.99 crores has been set off against accumulated establishment expenses.

NOTE 31

2016-2017

As an executing agency of Government of India, the entire project expenditure, as per Significant Accounting Policy-7, has been shown as Assets held on behalf of GoI (Completed & Ongoing).

NOTE 32

2016-2017

Depreciation wherever applicable has been charged as per significant accounting policies.

2015-2016

Pending decision on capitalization of highway projects depreciation has not been charged on Capital Work-in-Progress (Completed & Ongoing).

2014-2015

Capital Works in Progress (ongoing and completed) includes the value of assets like office furniture, mobile phones, computers, and other equipment etc., received as per the agreements entered into with the contractors/consultants. Pending decision on capitalization depreciation has not been charged on these assets.

NOTE 33

2016-2017

Interest due on deferred premiums are accounted for on cash basis at the time of receipt as per provisions of Article 28.2 of Model Concession Agreement.

2015-2016

Interest due on deferred premiums has to be accounted for on cash basis at the time of receipt as per provisions of Article 28.2 of Model Concession Agreement.

2014-2015

Authority has granted approval for deferment of premium and negative grant in respect of 13 projects. Against an approved deferment of premium of Rs. 577.38 crore and negative grant of Rs 40.00 crore up to 2014-15, a consolidated provision in HO books to the tune of Rs. 513.78 crores and Rs. 40.00 crores respectively have been made in HO books.Interest due on these premiums has to be accounted for on cash basis at the time of receipt.

NOTE 34

2016-2017

Pending the approval of revised format of accounts by MORTH in consultation with C&AG, existing format of accounts has been used for FY-2016-17.

ANNEXURE-VII

STATEMENT OF ACCOUNTING RATIOS

(Rs. In Lacs)

NATIONAL HIGHWAY AUTHORITY OF INDIA STATEMENT OF ACCOUNTING RATIOS						
PARTICULARS	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Profit/(Loss) for the year *****	(27,871.73)	(22,142.65)	(19,811.13)	(19,375.83)	(16,318.27)	(13,447.53)
Share capital	**1,39,59,380.47**	**1,25,51,457.89**	**1,04,52,040.18**	927,378.22	8,064,111.97	6,478,534.52
Reserve and Surplus	-	**748.68**	**45.46**	45.46	41,198.84	41,198.84
Total shareholders' funds	**1,39,59,380.47**	**1,25,52,206.57**	**1,04,52,085.64**	**9270423.68**	**8,105,310.81**	**6,519,733.36**
Return on Net Worth (%)	**(0.20%)**	**(0.18)%**	**(0.!9fx)%**	**(0.21%)**	**(0.20)%**	**(0.21)%**
Short term Debt	-			-	1,681.79	3,753.65
Long term Debt	7538464.71	4527036.7	24,89,285.59	2,406,780.68	1,858,641.13	1,734,023.01
Total Debt	**7538464.71**	**4527036.7**	**24,89,285.59**	**2,406,780.68**	**1,860,322.92**	**1,737,776.66**
Share capital	**1,39,59,380.47**	**1,25,51,457.89**	**1,04,52,040.18**	927,378.22	8,064,111.97	6,478,534.52
Reserve and Surplus	-	**748.68**	**45.46**	45.46	41,198.84	41,198.84
Total shareholders' funds	**1,39,59,380.47**	**1,25,52,,206.57**	**1,04,52,085.64**	**927,0423.68**	**8,105,310.81**	**6,519,733.36**
Debt Equity Ratio	**0.54**	**0.36**	**0.26**	**0.26**	**0.23**	**0.27**
Notes:						

** Net profit / Loss represent excess of expenditure over income which has been transferred to CWIP as per the accounting policy followed by NHAI. However the same has been disclosed here for representation / calcuation of ratio purposes.*

The ratios have been computed as below:

Earning per Share (Rs.)	=	Profit after tax / Number of equity shares at the end of the year.
Return on net worth (%)	=	Profit after tax / Net Worth at the end of the year.
Net asset value per equity share (Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year
Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year

NATIONAL HIGHWAY AUTHORITY OF INDIA

Annexure - VIII

CAPITALISATION STATEMENT

(Rs. in Lacs)

PARTICULARS	As on 31-3-2017	As on 31.3.2016	As on 31.3.2015	As on 31-3-2014	As on 31.3.2013
Debt					
Short term	-	-	-	-	1,681.79
Long term	7538464.71	4527036.7	24,89,285.59	2,406,780.68	1,858,641.126
Total Debt	**7538464.71**	**4527036.7**	**24,89,285.59**	**2,406,780.68**	**1,860,322.92**
Shareholder's Funds					
Capital					
i) Capital u/s 12(i)(b) - Commencing Capital					
ii) Capital u/s 17					
a) Capital Base	80,100.00	80,100.00	80,100.00	80,100.00	80,100.00
b) Cess Fund	91,16,270.00	75,74,270.00	68,85,681.00	6,199,936.00	5,599,636.00
Add : Received during the Year	2,32,650.00	15,42,000.00	6,88,589.00	6,85,745.00	600,300.00
c) Additional Budgetary Support (NHDP)	10,06,670.00	4,41,768.00	4,04,741.00	3,44,741.00	259,701.00
d) Additional Budgetary Support (Others)	3,76,584.00	3,76,584.00	3,76,584.00	3,76,584.00	376,584.00
e) Capital -Net off Toll Collection, Negative Grant etc. upto 31.03.10	6,18,355.88	6,18,355.88	6,18,355.88	6,18,355.88	618,355.88
f)Additional Budgetary Support (Plough back of Toll Remittance,etc.)	30,31,089.00	22,81,089.00	16,31,089.00	10,86,289.00	609,289.00
Less: 1) Expenditure on Toll Collection Activities (wef. 01.04.2010)	(15,207.23)	(10,728.96)	(3,773.03)	(40,035.98)	(34,248.57)
2) (Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (wef. 01.04.2010).	(3,62,093.25)	(2,89,122.95)	(1,76,859.57)	(81,336.68)	(45,605.35)
3) Transfer of Exceptional item from P & L A/c	(40,310.88)	-	-	-	-
Total	**1,39,59,380.47**	**1,25,51,457.89**	**1,04,52,040.18**	**9270378.23**	**8,064,111.97**
Reserves & Surplus	-	**748.68**	**45.46**	**45.46**	**41,198.84**
Total Shareholder's Funds	**1,39,59,380.47**	**12552206.57**	**1,04,52,085.63**	**92,70,423.69**	**8,105,310.81**
Long term Debt/Equity Ratio(No. of times)=Long term Debt/Total Shareholder's Funds	0.54	0.36	0.26	0.26	0.23
Debt Capital Ratio (No. of times)= Total Debt/Total Shareholder's Funds	0.54	0.36	0.26	0.26	0.23

ANNEXURE IX

Reservations/qualifications/adverse remarks of auditors in the last five financial years based on Audited Financials

FINANCIAL YEAR 2016-17

i. The Balance Sheet and Profit and Loss Account dealt with by this report have not been drawn up in the format approved by the Government of India under Section 34 (2)(g) of NHAI Act, 1988 and Rule 6(1)(b) of NHAI Rules 1990, as amended from time to time.

ii. Proper books of accounts and other relevant records have not been maintained by the Authority, in so far as it appears from our examination of such books as enumerated below:

(a) 'Assets held on behalf of Government of India (completed & ongoing)' shown under Fixed Assets represent the amount spent on various National Highways or any stretch thereof vested in, or entrusted to, by Government of India (GoI) to the NHAI, some of which are completed and others were in progress at different stages. These assets are developed by NHAI and the ownership of these National Highways or any stretch thereof vested in, or entrusted to, by GoI to NHAI, vests with GoI only. Since the assets owned by entity are only depicted as the entity's Fixed Assets in its Balance Sheet, depiction of assets belonging to GoI in the books of NHAI as 'Assets held on behalf of GoI (completed & ongoing)' under Fixed Assets is incorrect. GoI has entrusted these National Highways or any stretch thereof to NHAI for development & maintenance purposes and funds required for these purposes are provided by GoI. Due to disclosure of 'Assets held on behalf of GoI (completed & ongoing)' under Fixed Assets, Fixed Assets of NHAI are overstated Rs.2,17,726.57 crore.

(a) The entire amount of borrowing cost of Rs.4068.16 crore for the year 2016-17 has been booked under 'Assets held on behalf of GoI'. This includes borrowing cost in respect of completed projects and quantification of the same is not possible in the absence of non-maintenance of project-wise details with respect to ongoing and completed projects. Inclusion of borrowing cost on completed projects is in contravention of generally accepted accounting principles. As NHAI has not been maintaining records in respect of project-wise utilization of borrowed funds, correctness of the total borrowing costs allocated to completed and ongoing projects till date also could not be verified in Audit.

(b)(i) NHAI has capitalized the entire amount of Rs. 278.72 crore of 'Net establishment expenses for the year'. As per generally accepted accounting principles, the expenditure of revenue nature cannot be booked to completed projects and should have been depicted in the Profit and Loss Account. In the absence of project-wise details of such expenditure, Audit was unable to comment on the impact of such incorrect accounting on the accounts of NHAI.

(ii) The accounting treatment for 'diminution in the value of the investment' amounting to Rs. 403.11 crore has not been done correctly in the accounts of NHAI. The amount of 'Investments' in Schedule 6 was required to be reduced by the amount of 'Provision for diminution in the value of investments' of Rs. 403.11 crore and the 'Profit & Loss Account' was required to be debited by the same amount. In actual, the Management has reduced the amount of 'Investments' in Schedule 6 by Rs. 403.11 crore correctly, however, after, debiting the amount of Rs. 403.11 crore in the P&L Account the amount has been shown as transferred to 'Capital – Schedule 1'. Thus the effect of the accounting entry in the P&L Account has been nullified. This has resulted in understatement of Net Establishment Expenses as well as 'Capital' each by an amount of Rs. 403.11 crore.

(c)(i) 'Assets held on behalf of GoI includes Rs. 10086.56 crore (excluding cost of land amounting to Rs. 539.83 crore) incurred by NHAI on 19 road projects. NHAI did not hold these projects as on 31.03.2017 as these were handed over along with tolling rights, to various concessionaires for upgradation to 4/6-lanes of the roads on BOT basis. However, no adjustment has been made in the accounts for the above amount of Rs. 10086.56 crore. This has resulted in overstatement of 'Assets held on behalf of GoI' by Rs. 10086.56 crore.

(ii) Four projects {viz. Karur to Kangeyam Section of NH-67, Barasat-Krishnagar Section of NH-34, Mehrauli-Gurgaon road from Andheria More to Delhi-Haryana Border on NH-236 and Km 9.400 to Km 22.300 of Hyderabad-Bangalore section of North-South Corridor (NS-23) held by NHAI on behalf of GoI}, were transferred to State Governments. Though NHAI did not hold these projects as on 31.03.2017, no adjustment has been made in the accounts and cost incurred on these projects amounting to Rs. 1297.41 crore by NHAI on behalf of GoI has been shown under 'Assets held on behalf of GoI' which is factually incorrect. Non-adjustment of this expenditure has resulted in overstatement of 'Assets held on behalf of GoI' by Rs. 1297.41 crore.

FINANCIAL YEAR 2015-16

i. The Balance Sheet and Profit and Loss Account dealt with by this report have not been drawn up in the format approved by the Government of India under Section 34 (2)(g) of NHAI Act, 1988 and Rule 6(1)(b) of NHAI Rules 1990, as amended from time to time.

ii. Proper books of accounts and other relevant records have not been maintained by NHAI, in so far as it appears from our examination of such books, as enumerated below:

(a) The Capital Work in Progress (CWIP) (completed and ongoing) of Rs. 1,76,454.03 crore represents the expenditure incurred by NHAI on acquisition of land for road construction, construction of roads and bridges, etc. as on 31 March 2016. The completed projects are neither capitalised as Fixed Assets nor depicted separately under the Capital Work in Progress. While NHAI contended that Central Government is the owner of these assets and that NHAI is only the executing agency of the Central Government, these assets are shown in the Balance Sheet as Fixed Assets of NHAI without depicting the corresponding depreciation on completed assets. Thus, depicting this expenditure incurred on land, roads and bridges, etc. as its own Fixed Assets under the head of CWIP, without depicting the corresponding depreciation on completed assets, in its books of accounts by NHAI is not correct and has resulted in overstatement of Fixed Assets-Capital Work in Progress by Rs. 1,76,454.03 crore.

b) The entire amount of borrowing cost of Rs. 2,227.70 crore for the year 2015-16 has been booked under 'CWIP'. This includes borrowing cost in respect of completed projects, which cannot be quantified in absence of non maintenance of project wise details with respect to ongoing and completed projects. This is in contravention of generally accepted accounting principles and NHAI's Accounting Policy No. 6.2. As NHAI did not maintain records in respect of utilization of project-wise borrowed funds, correctness of the total borrowing costs allocated to completed and ongoing projects till date also could not be verified in Audit.

(c) Allocation of 'Net establishment expenses for the year' amounting to Rs. 228.90 crore to CWIP is also against generally accepted accounting principles as this is revenue expenditure and entire amount should not be allocated to CWIP. Proportionate amount related to completed projects is not a part of CWIP and should not be capitalized. In the absence of project wise details of such expenditure, Audit has been unable to quantify the impact of such incorrect booking.

(d) 'CWIP' includes Rs. 8,683.34 crore (excluding cost of land amounting to Rs. 598.64 crore, and borrowing cost and interest expenditure which could not be worked out in the absence of project wise details of cost) incurred by NHAI on 18 road projects which have been handed over, along with tolling rights, to concessionaires for upgradation of the roads to 4/6-lanes on BOT basis. Similarly, eight other road projects have been transferred to the State Governments. Though these projects do not exist with NHAI, no adjustments have been made in the accounts. As verifiable project wise expenditure records are not available, the impact on the Financial Statements could not be quantified.

(e) 'CWIP' includes Rs. 1,194.30 crore (including mobilisation advance of Rs. 76.63 crore) released by NHAI to various State Governments for executing NHDP phase-IV projects on the advice of MoRTH. However, these projects have not been transferred to NHAI. Neither are any guidelines from MoRTH nor accounting policy of NHAI in place for accounting treatment of these payments in the books of accounts of NHAI. In the absence of transfer of these projects to NHAI, depiction of amount released to State Government by NHAI, in respect of these projects as CWIP is not correct. Thus, this has resulted in overstatement of Fixed Assets-CWIP by Rs. 1,117.67 crore and Current Assets and Loans & Advances by Rs. 76.63 crore.

FINANCIAL YEAR 2014-15

(a) The Capitalwork-in-progress(CWIP) of Rs.140797.31 croreincludestheexpenditure incurred by NHAI on the completed as well as ongoing highway projects. On one hand NHAI contended that the Government of India is the owner of these roads assets, on the other hand, these are being shown in the Balance Sheet as Fixed Assets of NHAI. Thus, depicting the cost of NHs as its own Fixed assets under the head of Capital work in progress by NHAI has resulted in overstatement of fixed assets-capital work in progress by NHAI has resulted in overstatement of Fixed assets-capital work in progress by Rs. 140797.31 crore and understatement of Loss for the year to the same extent.

(b) The CWIP of Rs. 140797.31 crore as disclosed in the Balance Sheet could not be verified in the absence of project-wise details of expenditure on ongoing as well as completed projects.

(c) The entire amount of borrowing cost of Rs. 1780.87 crore for the year 2014-15 has been booked under 'CWIP'. This includes borrowing cost in respect of completed projects, which cannot be quantified in absence of non-maintenance of project wise details with respect to ongoing and completed projects. This is in contravention to generally accepted accounting principles and NHAI's Accounting Policy No. 6.2. As the Authority did not maintain records in respect of utilization of project-wise borrowed funds, correctness of the total borrowing costs allocated to complete and incomplete projects till date also could not be verified in Audit.

(d) Allocation of 'Net establishment expenses for the year' amounting to Rs. 206.43 crore to CWIP is also against generally accepted accounting principles as this is revenue expenditure and entire amount should not be allocated to CWIP. Proportionate amount related to completed projects is not a part of CWIP and should not be capitalized. In the absence of project wise details of expenditure, Audit has been unable to quantify the impact of such incorrect booking.

(e) 'CWIP' includes Rs. 10941.71 crore (excluding cost of land amounting to Rs. 500.06 crore, and borrowing cost & interest expenditure which could not be worked out in the absence of project wise detail of cost) incurred by the Authority on 16 road projects which have been handed over, along with toiling rights, to concessionaire for upgradation of the roads to 6-lanes on BOT basis. Similarly, five other road projects have been transferred to the State Government. Though these projects do not exist with NHAI, no adjustments have been made in the accounts. As verifiable project wise expenditure records are not available, the impact on the financial Statements could not be quantified.

(f) 'CWIP' includes Rs. 1155.98 crore released by the NHAI to the State Governments for NHDP phase-IV projects on the advice of MoRTH. However, these projects have not been transferred to NHAI. Also, neither any guidelines from MoRTH nor accounting policy of NHAI is in place for accounting treatment of these payments in the books of accounts of NHAI. In the absence of transfer of these projects to NHAI, depiction of amount released to State Government by NHAI, in respect of these projects as CWIP is not correct.

This has resulted in overstatement of Fixed assets-CWIP and Current assets and loan & advances by Rs. 1155.98 crore.

FINANCIAL YEAR 2013-14

1. The Balance Sheet and Profit and Loss Account dealt with by this report have not been drawn up in the format approved by the Government of India under Section 34 (2)(g) of NHAI Act, 1988 and Rule 6(l)(b) of NHAI Rules 1990.

2. We have serious reservations regarding the maintenance of proper books of accounts and other relevant records by the Authority in so far as it appears from our examination of such books as enumerated below:

(a) The CWIP1 of Rs. 123064.82 crore (Capital Work-in-Progress Rs. 44336.97 crore and Expenditure on completed projects awaiting capitalization/ transfer Rs. 78727.85 crore) as disclosed in the Balance Sheet could not be verified in the absence of project-wise details of expenditure on ongoing projects.

(b) The borrowing cost of Rs. 1413.20 crore for the year 2013-14 includes Rs. 904.45 crore booked under 'Expenditure on Completed Projects Awaiting Capitalization Transfer'. This is in contravention to generally accepted accounting principles and NHAI's Accounting Policy No. 6.2. As the Authority did not maintain records in respect of utilization of project-wise borrowed funds, correctness of the total borrowing costs allocated to completed and incomplete projects till date also could not be verified in Audit.

(c) Allocation of 'Net establishment expenses for the year' to completed projects is also against generally accepted accounting principles as this is revenue expenditure and should not be allocated to completed projects. In the absence of project wise details of expenditure, Audit has been unable to quantify the impact of such incorrect booking.

(d) 'Expenditure on completed projects awaiting capitalization transfer' includes costs incurred by the Authority on 16 road projects which have been handed over, along with tolling rights, to concessionaires for upgradation of the roads to 6-lanes on BOT basis Similarly, five other road projects have been transferred to the State Governments. Though these projects do not exist with NHAI, no adjustments have been made in the accounts. As verifiable project wise expenditure records are not available, the impact on the Financial Statements could not be quantified.

(e) The Authority became operational in 1995, as at Balance Sheet date NHAI has disclosed an expenditure of Rs.78727.85 crore as having been incurred on completed Highway projects. Though the said stretches of National Highways are already completed and are being used by the general public but the same have not yet been capitalized and no depreciation is being charged, which is against the generally accepted accounting principles and their own Accounting Policy No. 6.3. The total amount of depreciation which has remained to be charged, from the date the asset was entitled to be capitalized, could not be worked out in the absence of details such as date of completion, amount booked for each project etc. As such, we are unable to quantify the amount by which the assets are overstated and loss for the year is

FINANCIAL YEAR 2012-13

1. The balance sheet and profit and Loss Account delat with by this report have been drawn up in the format approved by the Govt. of India under Section 34 (2) (g) of the NHAI Act, 1988 and Rule 6(1) (b) of NHAI Rules 1990 except for the deficiencies mentioned in para (C) (3) of this audit report.

A. BALANCE SHEET

(I) SOURCES OF FUNDS Shareholder’s Funds

Capital-Net off Toll collection, Negative Grant etc.

Upto 31-3-10: Rs. 6,183.56 crore

The above amount represents current liability towards 'Net off Toll Receipts, Maintenance Expenditure over Grant etc. payable to Go!upto 31.03.2010' which the NHAI has transferred during the year to Capital u/s 17 Account without obtaining approval of the Ministry of Finance and Ministry of Road Transport and Highways.

The Management has replied that:

The approval for conversion of amount of 'Net off Toll Receipts, Maintenance Expenditure over Grant etc. payable to GOI upto 31.03.2010' to the 'Capital' was given by the Board which had representatives from the Ministry of Finance as well as Ministry of Road Transport & Highways, The fact of transfer of the above amount from liability to capital has been disclosed vide Note at serial number 9 of Notes on Accounts.

The contention of the Management is not acceptable as participation of Government nominees in the Board meeting cannot be construed as Government's approval to a decision. In the instant case specific approval I consent of Government of India for the above conversion has not been obtained by NHAI so far. In view of the above position the disclosure made vide Note 9 in Notes on Accounts is deficient as it did not disclose the fact that the NHAI has not obtained specific approval of the GOI.

This has resulted into overstatement of 'Capital - Net off Toll collection, Negative Grant etc. upto 31.3.2010 by Rs. 6,183.56 crore and understatement of ‘Toll Receipts, Maintenance Expenditure over Grant etc. -Payable to GOI upto 31.03.2010 Account' to the same extent.

(1.2) Reserves &Surplus (Schedule 2)

Credit Balance of P&L Account- Rs. 411.99 crore

The above amount represents Agency Charges, recognized notionally for the period upto 31 March 2008. Since agency charges were notional (neither recovered nor recoverable), depicting the same under Reserves & Surplus gives a misleading state of affairs of the Authority. This has resulted in overstatement of Reserves & Surplus as well as CWIP by rs. 411.99 crore. This issue was also raised during 2010-11 and 2011-12; however, no corrective action has been taken.

(II) APPLICATION OF FUNDS

(1) Fixed Assets (Schedule-5): Rs. 106,470.01 crore

(1.1) The Authority has not capitalised any road project expenditure since it became operational in 1995. Consequently, the Authority has also not charged depreciation on completed road projects as per the provisions of Accounting Standard-6. Due to such non capitalization, expenditure of Rs. 69,280.44 crore incurred by the Authority on creation of the assets i.e. National Highways which are already completed and are being used by the general public is getting recorded in the balance sheet under the head 'Expenditure on completed projects awaiting capitalization/transfer'. The management in its reply to the Para No.(C)(l)-General of last year's Audit Report stated that these assets are held by the Authority as the executing agency on behalf of Central Government and since regular maintenance is provided for Highways, hence no depreciation is required to be charged. The reply of the management is not tenable as the Authority itself vide Note No.11 disclosed that public issue of tax free bonds are secured against first pari passu charge on fixed assets of NHAI being highway projects comprising all the super structures. Further as per the requirement of Accounting Standard - 6, the depreciable amount of a depreciable asset should be allocated on a systematic basis to each accounting period during the useful life of the asset.

At the end of March, 2013, the authority has 238 completed projects (218 EPC & 20 BOT annuity) and toll is being collected on 224 stretches. Thus non provision of depreciation on completed and put to use assets is not in order and is in contravention of Accounting Standard -6. While the written down value as on date is not available (i.e. the net value of the assets after charging depreciation at the appropriate rate from the date of completion of the Road Project), the depreciation on the gross value of the assets, calculated at the rate of 5 per cent p. a., works out to Rs. 3,116.32 crore for the current year. Similarly on the basis of figure of gross value of the assets, the amount of depreciation for the previous four years has been worked out at Rs. 6,954.04 crore. The total amount of depreciation which has remained to be charged from the date the asset was entitled to be capitalized could not be worked out in the absence of details such as date of completion, amount booked for each project etc. As such, in the absence of detailed records, audit is unable to quantify the amount by which the assets are overstated and loss for the year understated

(1.2)(a) The Authority did not maintain any records in respect of allocation and utilization of project-wise borrowed funds for determination of project-wise borrowing cost and project-wise interest earned on the unutilized borrowed funds allocated to a particular project as per the provisions of Para 6 to 10 of Accounting Standard- 16. In contravention of these provisions, the total borrowing cost of Rs. 5,894.66 crore and interest earned on unutilized funds of Rs. 5,419.32 crore is merely adjusted in Fixed Assets. Since from the very beginning the Authority does not maintain any records in respect of allocation and utilization of project-wise borrowed funds for determination of project-wise borrowing cost and project-wise interest earned on the unutilized borrowing fund allocated to a particular project, the borrowing costs that directly relate to that qualifying assets and consequent excess capitalization, if any, cannot be readily identified.

(b) The borrowing cost of Rs. 1,331.59 crore for the year 2012-13 includes Rs. 865.54 crore booked under 'Expenditure on Completed Projects Awaiting Capitalization/Transfer' in contravention of Accounting Standard - 16 as well as the Accounting Policy No. 6.1 of the Authority, which states that all capital expenditure incurred till the completion of the projects is shown as 'Capital work-in-progress'. This has resulted in overstatement of 'Fixed assets - Expenditure. on completed projects awaiting. Capitalization/transfer' by Rs. 865.54 crore and understatement of 'Finance Charges' and loss for •the year to the same extent. In the absence of details for previous years, Audit has been unable to quantify the total amount of such borrowing costs incorrectly booked to the above head.

2) Expenditure on completed projects awaiting Capitalization/ transfer (Schedule-5):Rs..69,280.44 crore

The above includes an amount of Rs. 4,493.96 crore incurred by NHAI on 11road projects which have been handed over, along with tolling rights, to concessionaires for upgradation of the roads to six lanes on BOT basis. Thus 'Expenditure on completed projects awaiting transfer' is overstated to the extent of Rs. 4,493.96 crore.

(3) Net Establishment Expenses for the year transferred to CWIP (from P&L A/c) (Schedule-5): Rs. 163.18 crore

The above includes establishment expenditure amounting to Rs. 106.07 crore allocated to the head' Expenditure on completed projects awaiting transfer' during the year 2012-13. As this is revenue expenditure, it should not have been appropriated to completed projects. This is in violation of Accounting Standard - I 0.

(4) Interest on Unutilized Capital (Schedule-5): Rs. 419.32 crore

Above includes interest accrued of R s . 124.44 crore (including TDS) during the year [upto previous year Rs. 358.32 crore (excluding TDS)] on the loan disbursed to 1 1 subsidiary companies, which has been deducted from CWIP. This interest accrued on loan given to subsidiary companies should have been shown as income in P&L Account and not reduced from CWIP. This has resulted in understatement of 'Capital work-in-progress' by Rs. 482.76 crore and overstatement of loss for the year by Rs. 124.44 crore and consequent understatement of 'Surplus carried to the Balance Sheet' by Rs. 482.76 crore.

(5) Investments (Schedule-6): Rs.. 1,198.47 crore

The above includes investment in two subsidiary companies, viz., Mls Moradabad Toll Road Company Limited and M/s Ahmedabad-Vadodara Expressway Company Ltd., of Rs. 345.21 crore, wherein the road project and toll collection right have been transferred in December 2010 and January 2013, respectively, to Concessionaires for upgradation. In view of this, a provision for diminution in the value of the investments should have been made to the extent of Rs. 345.21 crore. Hence there is an overstatement of investment and understatement of loss for the year to the extent of Rs. 345.21 crore.

In addition to above, investment of Rs. 213.50 crore made in three subsidiary companies, viz., Visakhapatnam Port Road Company Ltd., Cochin Port Road Company Ltd. & Paradip Port Road Company Ltd., has diminished in its value due to accumulated losses, which resulted in erosion of more than 50 per cent of their net worth. A suitable provision should have been made in the books of accounts as per Accounting Standard - 13 after determining the decline in value. The extent of overstatement of investment and understatement of loss thereof could not be quantified by Audit in absence of such determination by the Authority.

The issues detailed above in paragraph Nos. A (11), (1.1), (1.2) and (5) constitute multiple uncertainties, the financial effect of which cannot be quantified.

(6) Current Assets, Loans and Advances (Schedule 7) Deposits, Loans and Advances (6.1)Advance against deposit works: Rs. 531.01 crore

This is overstated by Rs. 51.61 crore on account of advances given to Railways for construction of ROB and concessionaire for change of scope of work. The work has been completed, however, the same has been shown as advance. Consequently, CWIP is also understated to the same extent.

(6.2) Claims Recoverable: Rs. 623.97 crore

This is understated by Rs. 6.72 crore due to non-accounting of amount recoverable from contractors/concessionaires as per agreement, damages for delay in achievement of commercial operation date, share of remuneration of Independent Consultants, differential toll charges and recoverable on account of scrap/variation in rates. This has resulted in overstatement of CWIP by Rs. 2.60 crore and understatement of 'Current Liabilities-payable to GOI Rs. 4.12 crore.

(6.3) Loan to Subsidiary Companies: Rs. 1,380.54 crore

Reference is invited to Comment No. A(II)(6). In view of road project and toll collection right been transferred to the Concessionaire, there is no possibility of recovery of the loan of Rs. 67.62 crore given to these two subsidiary companies, viz., M/s Moradabad Toll Road Company Limited and M/s Ahmedabad-Vadodara Expressway Company Ltd. In the absence of provision towards the same, 'Loan to Subsidiary Companies' is overstated by Rs. 67.62 crore and loss for the year is understated to the same extent.

(7) Current Liabilities & Provisions Current Liabilities (Schedule 8)

Other Liabilities Rs. 4,729.52 crore

This is understated by Rs.1,649.89 crore due to non/short provision of liability on account of :

(in crore)

A.	Demand raised by CALA for compensation in respect of land acquisition	1,414.23
B.	Proportionate semi-annuity accrued to be paid to concessionaire	113.33
C.	Payable to contractors/concessionaires/consultants in respect of construction work done and certified	50.40
D.	Positive/O&M grant payable to concessionaires	42.29
E.	Payable To Defence Authority with respect to Land Acquisition	22.06
F.	Pavable to Concessionaire on account of positive change of scope	6.77
G.	Payable to contractors/concessionaires/consultants in respect of works got done but payments withheld for want of approval of Competent Authority for extension of time.	0.65
H.	Court fee relating to the M/s ITD cementation	0.16
.	**TOTAL**	**1,649.89**

This has also resulted in understatement of CWIP by Rs. 1,649.04 crore and expenditure on maintenance of Highways by Rs. 0.8 crore

(B) Notes on Accounts

(1) Contingent Liabilities Note No 25 (ii) Rs. 14,002.59 crore

(1.1) Above is understated by 1074.56 crore due to non-inclusion of claims against the Authority in arbitration and legal cases.

Contingent liabilities are understated to the extent of 90 per cent of debts due as on31.3.2013 given to the concessionaire by the commercial banks. The amount of debts is secured under the provisions of termination clause of concession agreements as per the guidelines of the RBI. In the absence of details, audit is unable to quantify the amount of contingent liabilities

(1.2) The Authority did not disclose the amount of 'Capital works remaining to be executed' as on 31.03.2013

(2.) As per Accounting Standard - 5, the change in accounting policy and the impact of the change in Accounting Policy along with the adjustments resulting there from, if any, has to be disclosed in the Notes on Accounts. During the year the Authority has changed its Accounting Policy No. 6 on fixed assets and depreciation. However, as the Authority has not capitalized the completed road projects and no depreciation is being charged on such assets, as such, the fact that the effect of change in Accounting Policy is not ascertainable should have been di.sclosed in the Notes on Accounts.

(C) General

The Authority vide Note No. 26 (a) of Notes on Accounts has stated that Accounting Standards issued by the ICAI (except for AS 15, 17 and 21) have generally been followed. However, as brought out in the previous paragraphs, the Authority has deviated from the provisions of Accounting Standards and guidelines issued by the institute of Chartered Accountants Of India.

Note No. 26 (f) of Notes on Accounts discloses that "All receipts of NHAJ viz Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54•EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, I 988. As such, no separate Account is being maintained for utilisation of NHAI Bond collection proceeds.

The above disclosure is contradictory to the regulatory and statutory disclosures made by the Members of the Board of NHAI under heading 'Other Regulatory and Statutory Disclosures' of the Prospectus for issue of Tax Free Secured Redeemable Non Convertible Bonds Rs. 10,000 crore) issued during 2011•12.

As committed in the Prospectus for issue of Bonds of Rs. 1 0,000 crores, the NHAI should have disclosed in the Balance Sheet the details of the funds of NHAI Bond collection proceeds utilized as well as unutilized for better understanding of the accounts to the readers and the stakeholders. The above disclosure is therefore deficient to the above extent.

(3) The Authority being a body corporate is to act on 'Business Principles' as per clause 2 and 10 of NHAI Act 1988. As per NHAI Rules 1990 and the format of annual statement of accounts approved by the Government of India in consultation with C&AG of India, in the Schedule 5 (Fixed Assets) one of the sub.heads is 'Roads & Bridges' for which prescribed rate of depreciation is 5 per cent, however, this sub•head is left blank since inception inspite of completed road projects of Rs. 69,280.44 crore as on 31 March 2013 and the same are depicted under the head CWIP (Expenditure on completed projects awaiting capitalization/transfer) and no depreciation is provided even after the completion of the road projects, which is not in consonance with the approved format. The approved format also provides that the surplus/deficit in the P&L Account is to be carried to the Balance Sheet, however, the Authority is allocating the deficit in the Profit & Loss Account at the year end to the ongoing and completed projects booked under 'Fixed Assets - CWIP'. Further, as per the format, the Grant•in•aid for Maintenance of Highways and expenditure thereon should have been accounted for in Profit and Loss Account, however, the Authority is adjusting the same from Capital Account (Plough back of Toll Remittance, etc.). Thus, the Authority is not following the approved format of 'Annual Statement of Accounts'. Resultantly, the Profit and Loss Account / Financial Statements do not disclose the income or expenditure of the Authority in full measure.

(4) Corrections carried out at the instance of Audit

On the basis of observation of Audit the management carried out corrections in the accounts to the extent of Rs. 79.24 crore as detailed below:

S. No	Particulars	Inter Head		Intra Head	
		Debit	**Credit**	**Debit**	**Credit**
1	Asset	68.98	22	1.23	1.23
2	Liability	9.03	56.01	-	-

Contingent liabilities of 625.78 crore booked at the instance of Audit

Annexure to the Audit Report

1) Internal Audit System

The Internal Audit of the Authority has been outsourced to chartered accountants firms. However, the scope of Internal Auditors includes only audit of all transactions and accounting entries in respect of efficacy of operations of the Authority and compliance to rules and regulations and does not provide any formal assurance regarding the adequacy and effectiveness of internal control over financial reporting.

2) Internal Control System

Internal Control system needs to be strengthened in view of the following:

a) Utilization Certificates of 153.20 crore on account of utility shifting/maintenance of highways etc. yet to be obtained from various Government Departments/ Agencies though most of the works have already been done and some projects have already been completed.

b) Advances were paid to Contractors/ Consultants - Mobilization & Material Advance Rs. 267.98 crore), Advance against deposit works Rs. 531.01 crore), Advance for maintenance of highways (Rs. 166.39 crore) and Advances to Suppliers Rs. 1.89 crore). The system of obtaining balance confirmation certificates does not exist.

c) Amount of Rs. 25.48 crore lying un-reconciled for more than 2 year under the heads of mobilization advances, deposit work, withheld amount, inter unit transfer and claims recoverable.

d) Price indices were not frozen on the scheduled date of completion resulting in excess payment of escalation/price adjustment made to contractors pending approval of Extension of Time. This was in violation of contractual provisions.

e) As per NHAI instructions, land compensation funds should be deposited with PSU banks, whereas in two PIUs funds of Rs. 55.56 crore kept in private banks as on 31.3.2013.

f) An advance of Rs. 6.72 lakh was given to a NGO in March 2007 for rehabilitation of poor people residing on NH-28, but no details of the NGO was available with the PIU. The amount is still showing under the head of advance against deposit work.

g) Reference is invited to Note no. 20 (b) of the Notes on account (Schedule 19), wherein it is stated that during the year 2012-13 a fraudulent withdrawal of Rs. 1.06 crore from one of the bank accounts of Competent Authority Land Acquisition (CALA) has been detected under PIU-Chandigarh. Though it was stated that the matter was being pursued regularly for recovery, however, no correspondence in support of the contention was shown/produced to Audit.

h) Concessionaires had not deposited Rs. 14.66 crore on account of labour welfare cess of BOT projects in two PIU's.

i) A PIU had kept a fund of Rs. 1.99 crores received for Deposit work in the fixed deposit with bank. The fund kept in FDR is violation of NHAI instruction. This fund should have been remitted to NHAI headquarters office on the same day. Further interest of Rs. 190 lacs earned on FDR has not been accounted for in the books of accounts.

3) System of Physical Verification of Fixed Assets

Fixed Asset Registers were not maintained or were deficient (not updated, closed, verified, location of assets not shown, and ID marks not mentioned etc.) and physical verification of Fixed Assets was not conducted properly and/or Physical Verification Report was not prepared properly in 10 PIUs covered in Audit.

(4) System of Physical verification of Inventory

There is no Inventory.

(5) Regularity in Payment of Statutory Dues.

During test check, it was noticed that there were delays ranging from 2- 335 days in depositing TDS in four (Ahmedabad, Nashik, Pandhurna and Surat) of 51 PIUs covered in Audit.

(6) Adequacy of IT Systems.

Out of 129 PIUs / CMUs, 2 PIUs were not using e-PFMS software and dedicated system.

APPENDIX II

FINANCIAL INFORMATION

CONTENTS

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka, New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF AHMEDABAD VADODARA EXPRESSWAY COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), IN THE FINANCIAL YEAR 2018-2019 ("ISSUE").

1. We have read the reformatted financial information of **Ahmedabad Vadodara Expressway Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Bharatmala Bonds /Auditor/2018-19 dated September 6, 2018,in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2017, 2016, 2015, 2014 and 2013, which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2016-17	Jindal & Co
2015-16	Jindal & Co
2014-15	Jindal & Co
2013-14	Jindal & Co
2012-13	R.K.J.K Khanna & Co.

We have placed reliance on the audit reports of these auditors for the respective years.

2. **Management's Responsibility**
The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Schedule III of the Companies Act, 2013.

3. Auditor's Responsibility

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013,and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. Financial Information as per Audited Financial Statements

We have read the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2013 to 31st March, 2017 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule III of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2017. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013.

v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 which are reproduced in Annexure VIII.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, adjustments of amounts pertaining to mathematical accuracy and adjustment of amounts arising out of auditor's qualifications.

6. Other Reformatted Financial Information of the Company:

At the company's request we have read the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 (Annexure VII)

7. **Opinion**

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner
Membership No- 098358

Date: 25 September 2018
Place: Ghaziabad

Annexure-1
(Rs. In lacs)

AHMEDABAD VADODARA EXPRESSWAY COMPANY LIMITED
REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

	Particulars	Note No.	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.03.2014	As at 31.03.2013
I.	**EQUITY AND LIABILITIES**						
1	**Shareholders' funds**						
	(a) Share capital	2	31,285	31,285	31,285	31,285	31,285
	(b) Reserves and surplus	3	(30,475.33)	(30,701.04)	(30,487.23)	(30,221.61)	(30,172.00)
			809.67	**583.96**	**797.77**	**1,063.39**	**1,113.00**
2	**Non-current liabilities**						
	(a) Long-term borrowings	4	468.04	1,924.35	1,924.35	1,924.35	472.04
	(b) Deferred Tax Liabilities (net)						-
			468.04	**1,924.35**	**1,924.35**	**1,924.35**	**472.04**
3	**Current liabilities**						
	(a) Trade payables	5	-	-	4.76	31.31	524.56
	(b) Other current liabilities	6	66.66	672.96	444.47	205.82	1,810
	(c) Short-term provisions	7	57.08	-	18.38	18.38	16.40
			-	-	-	-	-
			124	**673**	**468**	**256**	**2,351**
	TOTAL		**1,401**	**3,181**	**3,190**	**3,244**	**3,936**
II.	**ASSETS**						
1	**Non-current assets**						
	(a) Fixed assets						
	(i) Tangible assets	8	-	-	-	-	0.89
	(ii) Intangible Assets	8	-	-	-	-	-
	(iii) Capital work-in-progress	8	-	-	-	-	-
	(b) Long-term loans and advances	9	929.53	2,743.15	2,871.95	2,213.28	2,017.20
			929.53	**2,743.15**	**2,871.95**	**2,213.28**	**2,017.20**
2	**Current assets**						
	(a) Trade receivables	10	-	-	-	4.49	-
	(b) Cash and cash equivalents	11	471.93	438.11	317.78	1,026.48	1,913.30
	(c) Other current assets	12	-	-	_-	-	4.49
			472	**438**	**318**	**1,031**	**1,918**
	TOTAL		**1,401**	**3,181**	**3,190**	**3,244**	**3,936**

AHMEDABAD VADODARA EXPRESSWAY COMPANY LIMITED
REFORMATTED STATEMENT OF PROFIT AND LOSS ACCOUNT

Annexure-II
(Rs. In lacs)

	Particulars	Note No.	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
1.	**INCOME**						
	Revenue from Operations	13	-	-	-	-	12,793.62
	Other Income	14	355.85	44.50	55.03	201.62	305.88
	Total Revenue		**355.85**	**44.50**	**55.03**	**201.62**	**13,099.50**
2.	**EXPENSES**						
	Operating Expense	15	-	-	-	-	1,447.33
	Employee Benefits Expense	16	-	-	6.37	18	19.39
	Finance Costs	17	61.34	246.36	225.09	205.66	385.26
	Depreciation and Amortization expense	8	-	-	-	-	2,248
	Other Expenses	18	14.39	11.95	13.14	15.91	28.27
	Total Expenses		**75.73**	**258.31**	**244.60**	**239.57**	**4,128.25**
3.	**Profit before Prior Period items and Exceptional items**		281	(214)	(190)	(38.51)	8,971
4.	Prior Period Items	19	0.58	-	(77.05)	(9.30)	(84.15)
5.	Exceptional items	20	-	-	-	(0.80)	42,879.71
6.	**Profit / (Loss) Before Tax**		280	(214)	(266.62)	(48.61)	(33,993)
7.	**Tax Expense**						
	Current tax expense for current year		57	-	-	-	-
	Deferred tax (Expense) / Income		-	-	-	-	307
	Tax adjustment for earlier years		(3)	-	-	-	(57)
	FBT						
	Income Tax Penalty						
	Int on Delayed Deposit of Income Tax						
8.	**Profit (Loss) for the year**		**226**	**(214)**	**(267)**	**(49)**	**(33,743)**
9.	**Earning per equity share:**						
	Basic & Diluted	21	(0.07)	(0.00)	0.01	(0.02)	(10.79)

AHMEDABAD VADODARA EXPRESSWAY COMPANY LIMITED
CASH FLOW STATEMENT

Annexure-III
(Rs. In lacs)

	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
A)	**CASHFLOW FROM OPERATING ACTIVITIES**					
	Net Profit Before Tax as per Profit and Loss account	280.12	(213.82)	(189.57)	(38.51)	8,971.13
	Adjusted for:					
	Depreciation / Amortization	-	-	-	0.09	2,247.79
	Interest Income	(29.34)	(22.24)	(52.68)	(112.49)	(108.87)
	Interest Expense	61.34	246.36	225.09	205.66	385.21
	Provision for Gratuity	-	-	-	1.63	0.88
	Extra ordinary items	-	-	-	0.80	(42,879.71)
	Provision for Leave encashment	57.08	-	-	0.34	1.52
	Other taxes	3.25				
	Operating Profit before working capital changes	**57.53**	**(31,382.05)**	**12,281.53**	**57.53**	**(31,382.05)**
	Adjusted for:					
	Decrease/ (increase) in Trade Receivables	-	-	4.49	-	-
	Decrease/ (increase) in Deferred tax asset	-	-	-	-	-
	Decrease/ (increase) in Loan - Advances & Current asset	1,813.61	128.81	(25.87)	1,813.61	128.81
	Increase/(Decrease) in Trade Payables / Other liabilities & Provisions	(17.80)	(16.38)	(24.77)	(17.80)	(16.38)
	Cash generated from operations	**2,168.26**	**122.73**	**(63.31)**	**(643.32)**	**(31,732.61)**
	Income Tax Paid	(57.08)	-	(632.80)	(260.79)	(1,753.63)
	Prior Period payments	(0.57)	-	(77.05)	(9.30)	(84.15)
	Net Cash from/(used in) Operating Activities	**2,110.61**	**122.73**	**(773.16)**	**(913.41)**	**(33,570.41)**
B)	**CASH FLOW FROM INVESTMENT ACTIVITIES**					
	Purchase of Fixed Assets including Capitalisation of Expenditure,	-	-	-		
	Capital Work in Progress & Capital advances	-	-	-	-	42,780.94
	Interest Income	29.34	22.24	52.68	112.49	108.87
11	**Net Cash from/(used in) Investing Activities**	**29.34**	**22.24**	**52.68**	**112.49**	**42,889.81**
C)	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Unsecured Loans received/Paid (Net)	(1,456.31)	-	-	282.15	(7,905.43)
	Interest & Finance paid (Net of TDS)	(649.82)	(24.64)	11.78	(367.26)	(385.21)
	Net Cash from/(used in) Financing Activities	**(2,106.13)**	**(24.64)**	**11.78**	**(85.11)**	**(8,290.64)**
D)	Net Increase \ Decrease in cash and cash equivalents	33.82	120.34	(708.70)	(886.03)	1,028.77
E)	Cash and cash equivalents at the beginning of the period	438.11	317.78	1,026.48	1,913.30	884.49
F)	**Cash and cash equivalents at the end of the period**	**471.93**	**438.11**	**317.78**	**1,027.28**	**1,913.26**

Annexure-IV
(` in Lacs)

2. Share Capital	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014	As at 31.03.2013
2.1 Equity Share Capital					
Authorised Share Capital:	31,500.00	31,500.00	31,500.00	31,500.00	31,500.00
	31,500.00	**31,500.00**	**31,500.00**	31,500.00	31,500.00
Issued, Subscribed and Paid up					
Equity Share Capital	31,285.00	31,285.00	31,285.00	31,285.00	31,285.00
Total	**31,285.00**	**31,285.00**	**31,285.00**	31,285.00	31,285.00

(i) Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2017		As at 31.3.2016		As at 31.3.2015		As at 31.3.2014		As at 31.3.2010	
	No. of Shares	(Amount in lacs.)	No. of Shares	(Amount in lacs.)	No. of Shares	(Amount in lacs.)	No. of Shares	(Amount in lacs.)	No. of Shares	(Amount in lacs.)
At the beginning of the Year	3,128.50	31,285	3,128.50	31,285	3,128.50	31,285	3,128.50	31,285	3,128.50	31,285
Fresh issue of shares during the year	-	-	-	-	-	-				
Outstanding at the end of the year	**3,128.50**	**31,285.00**	**3,128.50**	**31,285**	**3,128.50**	**31,285**	**3,128.50**	**31,285**	**3,128.50**	**31,285**

(ii) Shareholers holding more than 5% of the paid up capital

s	As at 31.3.2017		As at 31.3.2016		As at 31.3.2015		As at 31.3.2014		As at 31.3.2013	
	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding	No. of Shares held	% of Hoding
National Highway Authority of India and its Nominees	3,128.50	100%	3,128.50	100%	3,128.50	100%	3,128.50	100%	3,128.50	100%

Annexure-IV
(Amount Rs. In lacs)

3. Reserves and Surplus	**As at 31.03.2017**	**As at 31.03.2016**	**As at 31.03.2015**	**As at 31.03.2014**	**As at 31.03.2013**
Surplus / (Deficit) in Statement of Profit and Loss					
As per last Balance Sheet	(30,701.04)	(30,487.23)	(30,220.61)	(30,172.00)	3,570.87
Profit during the year	225.72	(213.82)	(266.62)	(48.61)	(33,742.87)
Total	**30,475.33**	**(30,701.04)**	**(30,487.23)**	**(30,220.61)**	**(30,172.00)**

4. Long term borrowings	**As at 31.03.2017**	**As at 31.03.2016**	**As at 31.03.2015**	**As at 31.03.2014**	**As at 31.03.2013**
Unsecured					
Loan From NHAI- Parent Body	468.04	1,924.35	1,924.35	1,924.35	472.04
Total	**468.04**	**1,924.35**	**1,924.35**	**1,924.35**	**472.04**

5. Trade Payables	**As at 31.03.2017**	**As at 31.03.2016**	**As at 31.03.2015**	**As at 31.03.2014**	**As at 31.03.2013**
(a) Micro and Small Scale Enterprise	-	-	-	-	-
(b) Trade Payables - Others	-	-	4.76	31.31	524.56
Total	**-**	**-**	**4.76**	**31.31**	**524.56**

Annexure-IV

(Rs. In lacs)

6. Other Current Liabilities	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014	As at 31.03.2013
a) Interest Accrued and due on Borrowings	55.20	643.69	422	185.09	1,517
b) Other Payables					
(i) Statutory Remittances	-	-	22.51	20.73	39
(ii) Payable on Purchase of Fixed Assets/Capital Exps	-	4.63	-	-	11
(iii) Advances from contractor	-	24.64	-	-	1 -
(iv) Others	-	-	-	-	241
(v) Professional charges payable	5.20	-	-	-	-
(vi) TDS payable	6.26	-		-	-
c)Retention Money					
	66.66	672.96	444.47	205.82	1,810

7. Short Term Provisions	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014	As at 31.03.2013
(a) Provision for Income Tax	57.08	-	7.63	-	(0.00)
(b) Provision for income tax penalty	-	-	-	-	-
(c) Provision for Gratuity	-	-	-	7.63	6.00
(d) Provision for Leave Encashment	-	-	10.75	10.75	10.40
(e) Provision for Pension & Leave Salary Contribution	-	-	-	-	-
Total	**57.08**	**-**	**18.38**	**18.38**	**16.40**

AHMEDABAD VADODARA EXPRESSWAY COMPANY LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF REFORMATTED BALANCE SHEET

NOTE-8

FIXED ASSETS

Annexure-IV
(Rs. In lacs)

Sl.No.	Description		Net Block			
		As at 31.03.2017	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014	As at 31.03.2013
A	**Expressway Phase I Assets**					
1	Expressway	-	-	-	-	-
2	Plant & Machinery	-	-	-	-	-
3	Toll Plaza Building	-	-	-	-	-
4	Furniture & Fixtures	-	-	-	-	-
5	Porta Hut	-	-	-	-	-
6	Computers	-	-	-	-	-
	Total	-	-	-	-	-
B	**Expressway Phase II Assets**					
1	Expressway	-	-	-	-	-
2	Plant & Machinery	-	-	-	-	-
3	Toll Plaza Building	-	-	-	-	-
4	Furniture & Fixtures	-	-	-	-	-
5	Computers	-	-	-	-	-
	Total	-	-	-	-	-
C	**AUDA Ring Road Intersection**					
1	Toll Plaza Building	-	-	-	-	-
2	Furniture & Fixtures	-	-	-	-	-
3	Plant & Machinery	-	-	-	-	-
4	Intersection Road	-	-	-	-	-
	Total	-	-	-	-	-
D	**Improvement of NH - 8 from**					
1	Ahmedabad to Vodadara	-	-	-	-	-
2	CCTV Camera	-	-	-	-	-
	Total	-	-	-	-	-
E	**Tree Plantation**	-	-	-	-	-
F	**Head Office Assets**					
1	Computer	-	-	-	-	0.40
2	Printer	-	-	-	-	0.24
3	Mobile Instrument	-	-	-	-	0.25
	Total	-	-	-	-	**0.89**
G	**Mobile Instrument**	-	-	-	-	-
	Total Tangible Assets	-	-	-	-	**0.89**
H	**Intangible Assets**					
1	Software - I	-	-	-	-	-
2	Software - II	-	-	-	-	-
3	Software - iii	-	-	-	-	-
	Total Intangible Assets	-	-	-	-	-
	Total (A+B+C+D+E+F+G+H)	-	-	-	-	**0.89**
	Previous Year	-	-	-	**0.89**	**44,985.33**

9. Long Term Loans and Advances	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014	As at 31.03.2013
Unsecured Considered Good unless otherwise stated specifically					
a) Security Deposits	-	-	25.87	-	29.88
b) Other Loans and Advances					
- Advances recoverable in cash or kind	-	-	-	-	34.83
c) Advance Income Tax & TDS	929.53	2,743.15	2846.08	2,213.28	1,952.49
Total	**929.53**	**2,743.15**	**2871.95**	**2,213.28**	**2,017.20**

10. Trade Receivables	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014	As at 31.03.2013
Unsecured Considered Goods unless otherwise stated specifically					
Outstanding for a period exceeding six months	-	-	-	**4.49**	-
Others	-	-	-	-	-
Total	-	-	-	**4.49**	-

11. Cash and Bank Balances	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014	As at 31.03.2013
Cash and Cash Equivalents					
a) Cash on hand	0.00	0.00	0.00	0.00	0.00
b) Balances with Banks					
(i) In current accounts	471.93	438.11	317.78	1,026.48	1,913.30
c) Cheques on hand	-	-			
Cash With Toll Collecting Agency				-	-
Cheques In Transit				-	-
	471.93	**438.11**	**317.78**	**1,026.48**	**1,913.30**
Other Bank Balances					
(a) Balance in Fixed deposit accounts*	-	-			
	-	-			
Total	**471.93**	**438.11**	**317.78**	**1,026.48**	**1,913.30**

Annexure-IV

(Rs. In lacs)

12. Other Current Assets	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014	As at 31.03.2013
Receivable from government authority	-	-		-	4.49
Int Accrued But Not due on Term Deposits					
Other Debtors					
Int Due But not received					
Refund Due From Income Tax Department					
Total				**-**	**4.49**

Annexure - V

13. Revenue from Operations	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016	For the Year Ended As at 31.03.2015	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
Toll Collection Revenue					
Expressway					
National Highway No. 8					-
Contract Fee in respect of Expressway					8,818.58
Contract Fee in respect of National Highway No.8					4,612.04
TOTAL					**12,793.62**

14. Other Income	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016	For the Year Ended As at 31.03.2015	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
(a) Interest income					
From Banks					
On Deposits	29.34	22.24	52.68	106.16	103.76
On Other Balances				0.00	-
From Current Investments				6.33	0.03
From Customers on amounts overdue				-	5.08
On Income Tax Refund				-	-
On Release of retention money of contractors					
On Security Deposits					
(b) Sale of Tender Document				-	0.40
(c) Income Tax Refund	326.51	22.26	2.35	89.13	184.05
(d) Miscellaneous Income	-			-	12.55
TOTAL	355.85	44.50	55.03	**201.62**	**305.88**

15. Operating Expense	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016	For the Year Ended As at 31.03.2015	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
Operation & Maintenance Charges- Express Highway	-	-			503.60
Operation & Maintenance Charges- NH8	-	-			943.73
TOTAL	-				**1,447.33**

Annexure-V
(Rs. In lacs)

16. Employee Benefits Expenses	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016	For the Year Ended As at 31.03.2015	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
(a) Salaries and Wages			5.65	14.64	14.18
(b) Gratuity			-	1.63	0.88
(c) Earned Leave			-	0.34	1.52
(d) Contributions to Provident Fund			-	1.62	1.39
(e) Staff welfare Expenses			0.72	0.23	1.42
TOTAL	**0.00**	**0.00**	**6.37**	**18.46**	**19.39**

17. Finance Costs	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016	For the Year Ended As at 31.03.2015	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
Interest Expenses					
(a) On Borrowings	61.34	246.36	225.09	205.66	385.21
(b) Interest as per Arbitration Award				-	-
(c) Bank Charges				-	0.05
TOTAL	**61.34**	**246.36**	**225.09**	**205.66**	**385.26**

18. Other Expenses	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016	For the Year Ended As at 31.03.2015	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
(a) Rates and Taxes	4.79	-	-	-	-
(b) Rent	-	-	-	-	-
(c) Legal & Professional charges	1.94	6.75	8.05	3.74	4.55
(d) Payment to Auditors	1.38	0.85	0.80	1.58	3.48
(e) Power	-	-	0.00	-	-
(f) Interest on Delayed deposition of ST	-	-	-	-	0.02
(g)Travelling & Conveyance	-	-	-	-	-
(h)Postage & Telephone Exps	-	-	-	-	-
(i)Printing & Stationery	-	-	-	-	-
(j)Advertisment Exps	-	-	-	-	-
Manpower Hiring charges	-	-	-	-	-
(k)Consultancy Charges	-	-	-	-	-
(l)Repair & Maintenance	-	-	-	-	-
(m)Arbitration Exps	-	-	-	-	-
(n) Miscellaneous Expense	6.28	4.35	4.29	10.59	20.55
(0)Application Fee	-	-	-	-	-
(p)Security Exps	-	-	-	-	-
(q)Income Tax Adjustment	-	-	-	-	-
®Arbitration AUDA	-	-	-	-	-
TOTAL	**14.39**	**11.95**	**13.14**	**15.91**	**28.27**

Annexure-V
(Rs. In lacs)

19. Prior Period Items	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016	For the Year Ended As at 31.03.2015	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
Prior Period Item					
Income					
Old liabilities written back	-	-	-		
	-	-	-	-	-
Expense					
Advertisement Charge	(0.00)	-	-	(7.85)	-
Depreciation	-	-	-	-	(60.23)
Employer's Contribution to PF	-	-	-	-	-
Service Charges	-	-	-	-	(23.92)
Exps on Maint of NH	-	-	-	-	-
Travelling Expenses	(0.00)			(0.04)	
Legal & Professional Charges	(0.00)			(0.35)	
Old Liabilities written back	-	-	-	-	-
			(77.05)		
Operating Expenses	0.58	-		(1.06)	
Bonus	-	-	-	-	-
LTA A/c	-	-	-	-	-
FBT	-	-	-	-	-
Other Expense					
TOTAL	**(0.58)**	**(0.00)**	**(77.05)**	**(9.30)**	**(84.15)**

20. Exceptional Items	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016	For the Year Ended As at 31.03.2015	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
Loss on transfer of Fixed Assets	-	-	-	(0.80)	42,879.71
	(0.00)	**0.00**	**0.00**	**(0.80)**	**42,879.71**

21. Earnings per Share	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016	For the Year Ended As at 31.03.2015	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
Equity Shares (Nos.)	3128,50,000	3128,50,000	3128,50,000	3128,50,000	3128,50,000
Average shares for diluted equity shares	3128,50,000	3128,50,000	3128,50,000	3128,50,000	3128,50,000
Profit Before Tax	225.72	(213.82)	(266.62)	(47.81)	8,886.98
Less: Exceptional items			-	(0.80)	42,879.71
Profit/(Loss) after exceptional items for calculating earnings per shares	**225.72**	**(213.82)**	**(266.62)**	**(47.01)**	**(33,992.73)**
Less: Current Tax	-	-	-	-	249.86
Profit After Tax	225.72	(213.82)	(266.62)	(47.01)	(33,742.87)
Basic/Diluted Earnings Per Share (R)					
Before exceptional items	**0.07**	**(0.07)**	**(0.01)**	**(0.02)**	**2.92**
After exceptional items	**0.07**	**(0.07)**	**(0.01)**	**(0.02)**	**(10.79)**

Annexure VI

SIGNIFICANT ACCOUNTING POLICIES (31st March, 2017, 2016, 2015, 2014, 2013)

i. Basis of Preparation of Financial Statements (March 31, 2017, 2016, 2015, 2014, 2013)

The financial statements are prepared and presented under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles in India ("GAAP") and comply with the mandatory Accounting Standards ("AS") as notified under the said Companies (Accounting Standards) Rules, 2006, to the extent applicable and the presentational requirements of the Companies Act, 1956.

Basis of Preparation of Financial Statements (March 31, 2017, 2016)

The Financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

ii. Revenue Recognition (March 31, 2017, 2016, 2015, 2014, 2013)

Income from Toll Collection is recognized when a vehicle passes through the barrier after paying the due charges.

Income from licence fees for BOT is recognized on accrual basis.

Income from interest on term deposits is recognized on a time proportion basis.

Income from sale of tender documents is recognized at the time of handing over of tender documents on receiving the payments.

Other Incomes are accounted for on cash/receipt basis.

iii. Fixed Assets (March 31, 2017, 2016, 2015, 2014, 2013)

Fixed Assets are stated at historical cost less depreciation.

The costs of fixed assets include taxes, duties, freight and other expenses incidental and related to the construction, acquisition, and installation of respective assets.

Expressway/Highway

A Phase of an expressway including the expansion of the expressway and improvement of a Highway are treated as complete on taking over from the contractor and issuance of taking-over certificate by the supervision consultant/engineer.

Direct Capital Expenditure

Direct capital expenditure on construction includes the payments made/due to Construction Contractors against bills received from them duly verified and certified for payment by the Supervision Consultant/Engineer which is provisionally accounted for as direct capital expenditure subject to approval of the variations if any, by the variation committee of the company.

Indirect Capital Expenditure

Indirect capital expenditure specific or related to a particular asset is capitalized to that specific asset on actual basis.

Indirect expenditure incidental to construction but not specific or related to a particular asset is allocated in proportion to direct capital expenditure incurred.

Interests paid on funds utilized for the construction of asset are capitalized on the basis of amount of funds utilized for construction of specific asset.

Incomes earned from sale of tender documents and incomes on retention money are deducted/reduced from the indirect expenses of specific asset related to which tender was issued/ retention money was received and the net amount is capitalized.

Interest earned on term deposits against temporary investments of surplus funds prior to their utilization towards capital expenditure is reduced from indirect expenditure of the respective asset in proportion to the utilizations of funds.

After completion, such portion of above referred expenses pertaining to respective asset is recognized as revenue expenditure.

iv. Construction work-in-progress (March 31, 2017, 2016, 2015, 2014, 2013)

The costs incurred on the projects for which the construction is under progress and for which taking over certificate has not been received is shown under the construction work-in-progress. Further on projects where some additional work or auxiliary work is under progress the costs incurred thereon are shown under construction work-in-progress.
The costs incurred on the projects for which the construction is under progress and for which taking over certificate has not been received is shown under the construction work-in-progress. Further on projects where some additional work or auxiliary work is under progress the costs incurred thereon are shown under construction work-in-progress.

Advance paid to contractors against Mobilization, Machineries and Materials etc. and for other Capital Expenditure, if any are shown under the head Loans and Advances.

v. Depreciation / Amortization (March 31, 2017, 2016, 2015, 2014, 2013)

Depreciation is provided on completed phase of the Expressway, Toll Plaza Building, and improvement of a Highway and Tree Plantation over the concession period/remaining concession period using the straight line method from the date of inauguration of the completed phase/taking over certificate.

Depreciation is provided on other fixed assets on the basis of straight-line method at the rates and in the manner as specified in Schedule XIV of the Companies Act.

Intangible assets are amortized over a period of five years using the straight-line method from the year of purchase/installation.

vi. Borrowing Costs (March 31, 2017, 2016, 2015, 2014, 2013)

Borrowing costs relating to the acquisition/construction of qualifying fixed assets are capitalized or shown in capital work-in-progress until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. In this regard, qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are charged to revenue.

vii. Leases (March 31, 2017, 2016, 2015, 2014, 2013)

The site is licensed by NHAI to the Company under and in accordance with the Concession Agreement on which the Expressway/Highway Project is situated and is classified as an Operating Lease.

Lease payments in the form of Concession Fee are recognized as an expense in the Profit and Loss Account over the lease term except lease payments during construction period, which are capitalized.

viii. Provisions, Contingent Liabilities and Contingent Assets (March 31, 2017, 2016, 2015, 2014, 2013)

Provisions for capital expenditure, which are approved by the supervision consultant/Engineer, are provided for in the financial statements. Provision for revenue expenditure for Bill of Quantities (BOQ) items is made at contract value and for Non- BOQ items provision is made to the extent of the value certified by the Engineer.

ix. Retirement benefits (March 31, 2017, 2016, 2015, 2014, 2013)

The provisions of payment of Gratuity, Leave encashment, and other retirement benefits to the employees as applicable to the Company are accounted for on accrual basis.

x. Use of Estimates (March 31, 2016, 2015, 2014, 2013)

The presentation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include estimates of income taxes, employment retirement benefit plans, provisions of doubtful debts and advances and estimated useful life of fixed assts. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

Use of Estimates (March 31, 2017)

The preparation of financial statements requires managements to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the report amounts of revenues and expenses during the period reported. Actual result could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

xi. Claims for Variation/Escalation (31, 2017, 2016, 2015, 2014, 2013)

Contractors' claims for price variation / escalation are provisionally accounted for as the part of direct capital expenditure; to the extent such claims are accepted and approved by the supervision consultant/engineer of the company by certifying the bills raised by the contractors. The same are subject to the approval of the variation committee of the company.

xii. Miscellaneous Expenditure (March 31, 2017, 2016, 2015, 2014, 2013)

a) Preliminary Expenses

Expenditure incurred on formation of the Company is amortized over a period not exceeding five years using the straight-line method from the year of commencement of commercial operations of the Company.

b) Deferred Revenue Expenditure

Registration Fees and Stamp Duty for increase in Authorized Share Capital are written off on straight- line method over a period not exceeding five years from the year of commencement of commercial operations of the Company.

Initial Rating fee for issue of bonds/ debentures for the mobilization of funds for the expressway project will be amortized depending upon the tenure for which the bonds/debentures will be issued Pre-operative expenses are amortized over a period not exceeding five years using the straight-line method from the year of commencement operations of the company.

Xiii. Adjustments pertaining to prior period, Extra Ordinary items and Prepaid Expenses (March 31, 2017, 2016, 2015, 2014, 2013)

Prior period are not charged to the current year's profit and loss but shown separately.

Prepaid expenses are accounted for on time proportionate basis and are shown under the head- Loan and Advances.

xiv. Taxation (March 31, 2017, 2016, 2015, 2014, 2013)

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legal enforceable right exist to set off current tax against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the tax on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

xv. Earnings per share (March 31, 2017, 2016, 2015, 2014, 2013)

Basic/Diluted Earnings per share is calculated by dividing the net profit/ (Loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

xvi. Impairment of Assets (March March 31, 2016, 2015, 2014, 2013)

At each balance sheet date, the company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount. If the carrying amount of the asset exceeds the recoverable amount, an impairment loss is recognized in the profit and loss account to the extent the carrying amount exceeds the recoverable amount.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. Contingent Liabilities:

Claims against the company not acknowledged as debt:

i) Asst. Commissioner of Income-tax, TDS Circle, Ahmedabad had determined tax failure to collect TCS under Section 203C (1C) of the Income-tax Act, 1961, on the toll fee collected at toll plazas on Ahmedabad Vadodara Expressway form A.Y. 2005-06 to 2010-11 amounting to Rs.877.53 Lacs (including interest amounting to Rs.309.94 Lacs). Company has since deposited the full amount of Rs.877.53 lacs "under protest". The CIT (A) has vide order dated 25.03.2015 dismissed the Appeal filed by the Department and decided the case in favour of the Company. As a result, the tax deposited under protest stands recoverable from Income Tax Department. Income Tax Department has filed an appeal to the Hon'ble Income Tax Appellate Tribunal in this regard.

ii) The Director of Income Tax (International Taxation), Appellant has filed Tax Appeal in the Hon'ble High Court of Gujarat at Ahmedabad against order passed by Income Tax Appellate Tribunal deleting the penalty of Rs. 352.96 Lacs levied by Jt. Director of Income Tax (Intl. Taxn) Ahmedabad u/s 271 of the IT Act.

iii) Company has received reassessment order u/s 148 for Asst. Year 2007-08 dated 28.02.2014 on 18.06.2014 making an addition of Rs. 38.44 lacs creating a demand of Rs. 11.72 lacs. Company has filed an appeal with CIT (A) and is pending for hearing.

iv) Company has received a notice from the income tax department for the A.Y. 2009-10 u/s 148 of the Income Tax Act, 1961 for reassessment. The Company has received are assessment order dated 20.01.2016, received on 18.02.2016 in which the assessing officer has made the addition amounting to Rs.15187513/- creating a demand of Rs.48,51,237/-. CIT(A) has been decided in favour of the assesse company.

v) The company has received intimation u/s 143(1) of the Income Tax Act, 1961 for the A.Y. 2012-2013 creating a demand of Rs. 889.67 lacs by not allowing brought forward unabsorbed depreciation. The Company has filed the rectification u/s 154 against this demand, which is still pending.

vi) The company has received demand under various notices form the income tax department as under

2007-18	TDS demand	Rs. 17.20 lacs
2003-04	Income tax	Rs. 352.00 lacs
2010-11	Income tax	Rs. 00 .85 lacs

There could be additional penalty levied by the income tax department on the company.

2. Capital Commitment

There is no contingent liability as on March 31st, 2017

3. Segment Reporting

The company is operating a single business/ geographical segment i.e. Operation & maintenance of Expressway/Highway and therefore as for the requirement of Accounting Standrd-17on segment reporting issued by the Institute of the Chartered Accountant of India, no additional disclosures are required.

4. Related Party Disclosures

(a) Holding Company
(b) Key Management Personnel
National Highways Authority of India
Shri Niraj Verma, Chairman & Managing Director
Shri S.K Patel, Director
Shri K.P. Saraswati, Director
Shri Satish Chandra, Ex- CMD
Shri A.K Sharma, Ex-Director

(Amount in Lakhs)

Particulars	Holding Company		Key Management		Total	
	Year ended 31st march 2017	Year ended 31st march 2016	Year ended 31st march 2017	Year ended 31st march 2016	Year ended 31st march 2017	Year ended 31st march 2016
Transactions during the year						
Loan Repayment	1456.31				1456.31	
Interest Repayment	643.69				643.69	
Interest on Loan(net)	6134064.00	246.36	-	-	6134064.00	246.36
Total	**6136164.00**	**246.36**	**-**	**-**	**6136164.00**	**246.36**

5. Note on demonitisation

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November,2016 to 30th December,2016 as provided in the table below:-

Particulars	SBNs	Other denomination	Total
Closing cash in hand as on November,8 2016	-	-	-
(+) Permitted Receipts	-	-	-
(-) Permitted Payments	-	-	-
(-) Amount deposited in banks	-	-	-
Closing cash in Hand as on December,30 2016	-	-	-

6. General Information

Ahmedabad Vadodara Expressway Company Limited (AVEXCL), a wholly owed subsidiary of National Highways Authority Of India (NHAI) was incorporated on 05.04.2000 pursuant to and in accordance with the clause (g) of section 16(2) of NHAI Act,1988 for financing, procurement, construction, operation and maintenance of expressway between Ahmedabad and Vadodara (from Kms 0.00 to Kms 93.3) on Build, Operate and Transfer (BOT) basis. A concession agreement was entered between AVEXVL and NHAI for the said project on March,05 2002 with appointed date on 01.04.2004 for a concession period of 25 years. Later Ahmedabad Vadodara section of NH-8, being parallel to AV Expressway, it was decided by the Ministry Of Shipping, Road Transport & Highways and NHAI to treat the AV section of NH-8 and AV Expressway as a single commercial corridor and entrusted the same to AVEXCL for development. Accordingly an addendum dated February 02,2007 to the concession agreement was executed. The concession period of 25 years as mentioned in the Concession Agreement has not been completed as on date. In the meantime Govt. of India has approved six lanning of GQ under NHDP Ph-V and NHAI has been entrusted for implementation of the same. Accordingly after due bidding process NHAI has awarded the Project “Six lanning of AV section of NH-8 and improvement of AV Expressway on DFBO pattern under NHDP Ph-V to a new concessionaire i.e. IRB with premium. For enabling NHAI to execute the new concession agreement with IRB, the company (AVEXCL) has given a No Objection Certificate (NOC), providing the consent to NHAI for entering into the new concession agreement with IRB for executing the Project for six lanning of corridor as mentioned above. NHAI entered the agreement with the selected bidder (IRB) on 25.07.2011. However it has been decided that, the concession agreement between AVEXCL and NHAI be valid and effective and AVEXCL shall continue to fulfill its obligations there under till the occurrence of final of new concessionaire is achieved. The concession agreement between AVEXCL and NHAI shall be terminated only when financial closure of IRB is achieved. The financial closure of IRB has been achieved only on 01.01.2013. finally, the project was with the AVEXCL till 31.12.2012 and handed over to NHAI w.e.f 01.01.2013 enabling NHAI to handed over the project to IRB.

In view of above decision of the board of AVEXCL, the concession agreement with the NHAI terminated w.e.f 01.01.2013 and transferred the whole project of AVEXCL on a going concern basis to NHAI without any consideration i.e. Asset Value of Rs. 428.35 Cr. Appearing in the books of AVEXCL as at 31.12.2012 transferred to NHAI with a NIL (Zero) value. Since there is no project left with the Company, the board decided to winding-up the Company and cut-off date for solvency audit as required under the Companies Act has been taken as on 31.03.2017.

As per the conditions of bidding document, Tax Liabilities such as TCS, Service Tax, any other statutory liabilities if raised by authority / Document and stamp duty are to be borne by the Bidders and the Bid amount shall be exclusive of all the taxes. The company has obtained the undertaking from the contractor to pay any statutory liabilities including Service Tax if raised by any authority/Department during the contract period or in future.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

1. Contingent Liabilities:

Claims against the company not acknowledged as debt:

vii) Asst. Commissioner of Income-tax, TDS Circle, Ahmedabad had determined tax failure to collect TCS under Section 203C (1C) of the Income-tax Act, 1961, on the toll fee collected at toll plazas on Ahmedabad Vadodara Expressway form A.Y. 2005-06 to 2010-11 amounting to Rs.877.53 Lacs (including interest amounting to Rs.309.94 Lacs). Company has since deposited the full amount of Rs.877.53 lacs "under protest". The CIT (A) has vide order dated 25.03.2015 dismissed the Appeal filed by the Department and decided the case in favour of the Company. As a result, the tax deposited under protest stands recoverable from Income Tax Department. Income Tax Department has filed an appeal to the Hon'ble Income Tax Appellate Tribunal in this regard.

viii) The Director of Income Tax (International Taxation), Appellant has filed Tax Appeal in the Hon'ble High Court of Gujarat at Ahmedabad against order passed by Income Tax Appellate Tribunal deleting the penalty of Rs. 352.96 Lacs levied by Jt. Director of Income Tax (Intl. Taxn) Ahmedabad u/s 271 of the IT Act.

ix) Company has received reassessment order u/s 148 for Asst. Year 2007-08 dated 28.02.2014 on 18.06.2014 making a addition of Rs. 38.44 lacs creating a demand of Rs. 11.72 lacs. Company has filed an appeal with CIT (A) and is pending for hearing.

x) Company has received a notice dated 29th May 2014 from the income tax department for the A.Y. 2009-10 u/s 148 of the Income Tax Act, 1961 for reassessment income. Income Tax Department has not given TDS certificate Rs.1.03 lacs resulting a demand of Rs. 1.44 Lacs

xi) The company has received intimation u/s 143(1) of the Income Tax Act, 1961 for the A.Y. 2012-2013 creating a demand of Rs. 889.67 lacs by not allowing brought forward unabsorbed depreciation. The Company has filed the rectification u/s 154 against this demand, which is still pending.

xii) The company has received demand under various notices form the income tax department as under

2007-18	TDS demand	Rs. 17.20 lacs
2003-04	Income tax	Rs. 352.00 lacs
2010-11	Income tax	Rs. 00 .85 lacs

There could be additional penalty levied by the income tax department on the company.

2. Capital Commitment

There is no contingent liability as on March 31st, 2016

3. Segment Reporting

The company is operating a single business/ geographical segment i.e. Operation & maintenance of Expressway/Highway and therefore as for the requirement of Accounting Standrd-17on segment reporting issued by the Institute of the Chartered Accountant of India, no additional disclosures are required.

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Shri Niraj Verma, Chairman & Managing Director
Shri S.K Patel, Director
Shri K.P. Saraswati, Director
Shri Satish Chandra, Ex- CMD
Shri A.K Sharma, Ex-Director

(Amount in Lakhs)

Particulars	Holding Company		Key Management		Total	
	Year ended 31st march 2016	**Year ended 31st march 2015**	**Year ended 31st march 2016**	**Year ended 31st march 2015**	**Year ended 31st march 2016**	**Year ended 31st march 2015**
Transactions during the year						
Interest on Loan(net)	246.36.00	225.09	-	-	246.36	225.09
Total	**246.36.00**	**225.09**	**-**	**-**	**246.36**	**225.09**

5. General Information

Ahmedabad Vadodara Expressway Company Limited (AVEXCL), a wholly owed subsidiary of National Highways Authority Of India (NHAI) was incorporated on 05.04.2000 pursuant to and in accordance with the clause (g) of section 16(2) of NHAI Act,1988 for financing, procurement, construction, operation and maintenance of expressway between Ahmedabad and Vadodara (from Kms 0.00 to Kms 93.3) on Build, Operate and Transfer (BOT) basis. A concession agreement was entered between AVEXVL and NHAI for the said project on March,05 2002 with appointed date on 01.04.2004 for a concession period of 25 years. Later Ahmedabad Vadodara section of NH-8, being parallel to AV Expressway, it was decided by the Ministry Of Shipping, Road Transport & Highways and NHAI to treat the AV section of NH-8 and AV Expressway as a single commercial corridor and entrusted the same to AVEXCL for development. Accordingly an addendum dated February 02,2007 to the concession agreement was executed. The concession period of 25 years as mentioned in the Concession Agreement has not been completed as on date. In the meantime Govt. of India has approved six lanning of GQ under NHDP Ph-V and NHAI has been entrusted for implementation of the same. Accordingly after due bidding process NHAI has awarded the Project "Six lanning of AV section of NH-8 and improvement of AV Expressway on DFBO pattern under NHDP Ph-V to a new concessionaire i.e. IRB with premium. For enabling NHAI to execute the new concession agreement with IRB, the company (AVEXCL) has given a No Objection Certificate (NOC), providing the consent to NHAI for entering into the new concession agreement with IRB for executing the Project for six lanning of corridor as mentioned above. NHAI entered the agreement with the selected bidder (IRB) on 25.07.2011. However it has been decided that, the concession agreement between AVEXCL and NHAI be valid and effective and AVEXCL shall continue to fulfill its obligations there under till the occurrence of final of new concessionaire is achieved. The concession agreement between AVEXCL and NHAI shall be terminated only when financial closure of IRB is achieved. The financial closure of IRB has been achieved only on 01.01.2013. finally, the project was with the AVEXCL till 31.12.2012 and handed over to NHAI w.e.f 01.01.2013 enabling NHAI to handed over the project to IRB.

In view of above decision of the board of AVEXCL, the concession agreement with the NHAI terminated w.e.f 01.01.2013 and transferred the whole project of AVEXCL on a going concern basis to NHAI without any consideration i.e. Asset Value of Rs. 428.35 Cr. Appearing in the books of AVEXCL as at 31.12.2012 transferred to NHAI with a NIL (Zero) value. Since there is no project left with the Company, the board decided to winding-up the Company and cut-off date for solvency audit as required under the Companies Act has been taken as on 31.03.2016.

As per the conditions of bidding document, Tax Liabilities such as TCS, Service Tax, any other statutory liabilities if raised by authority / Document and stamp duty are to be borne by the Bidders and the Bid amount shall be exclusive of all the taxes. The company has obtained the undertaking from the contractor to pay any statutory liabilities including Service Tax if raised by any authority/Department during the contract period or in future.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1. **Contingent Liabilities:**

Claims against the company not acknowledged as debt:

xiii) Asst. Commissioner of Income-tax, TDS Circle, Ahmedabad had determined tax failure to collect TCS under Section 203C (1C) of the Income-tax Act, 1961, on the toll fee collected at toll plazas on Ahmedabad Vadodara Expressway form A.Y. 2005-06 to 2010-11 amounting to Rs.877.53 Lacs (including interest amounting to Rs.309.94 Lacs). Company has since deposited the full amount of Rs.877.53 lacs "under protest". The CIT (A) has vide order dated 25.03.2015 dismissed the Appeal filed by the Department and decided the case in favour of the Company. As a result, the tax deposited under protest stands recoverable from Income Tax Department. Income Tax Department has filed an appeal to the Hon'ble Income Tax Appellate Tribunal in this regard.

xiv) The Director of Income Tax (International Taxation), Appellant has filed Tax Appeal in the Hon'ble High Court of Gujarat at Ahmedabad against order passed by Income Tax Appellate Tribunal deleting the penalty of Rs. 352.96 Lacs levied by Jt. Director of Income Tax (Intl. Taxn) Ahmedabad u/s 271 of the IT Act.

xv) Company has received reassessment order u/s 148 for Asst. Year 2007-08 dated 28.02.2014 on 18.06.2014 making a addition of Rs. 38.44 lacs creating a demand of Rs. 11.72 lacs. Company has filed an appeal with CIT (A) and is pending for hearing.

xvi) Company has received a notice dated 29th May 2014 from the income tax department for the A.Y. 2009-10 u/s 148 of the Income Tax Act, 1961 for reassessment income. Income Tax Department has not given TDS certificate Rs.1.03 lacs resulting a demand of Rs. 1.44 Lacs

xvii) The company has received intimation u/s 143(1) of the Income Tax Act, 1961 for the A.Y. 2012-2013 creating a demand of Rs. 889.67 lacs by not allowing brought forward unabsorbed depreciation. The Company has filed the rectification u/s 154 against this demand, which is still pending.

xviii) The company has received demand under various notices form the income tax department as under

2007-18TDS demand	Rs. 17.20 lacs
2003-04Income tax	Rs. 352.00 lacs
2010-11Income tax	Rs. 00 .85 lacs

There could be additional penalty levied by the income tax department on the company.

2. General

Ahmedabad Vadodara Expressway Company Limited (AVEXCL), a wholly owed subsidiary of National Highways Authority Of India (NHAI) was incorporated on 05.04.2000 pursuant to and in accordance with the clause (g) of section 16(2) of NHAI Act,1988 for financing, procurement, construction, operation and maintenance of expressway between Ahmedabad and Vadodara (from Kms 0.00 to Kms 93.3) on Build, Operate and Transfer (BOT) basis. A concession agreement was entered between AVEXVL and NHAI for the said project on March,05 2002 with appointed date on 01.04.2004 for a concession period of 25 years. Later Ahmedabad Vadodara section of NH-8, being parallel to AV Expressway, it was decided by the Ministry Of Shipping, Road Transport & Highways and NHAI to treat the AV section of NH-8 and AV Expressway as a single commercial corridor and entrusted the same to AVEXCL for development. Accordingly an addendum dated February 02,2007 to the concession agreement was executed. The concession period of 25 years as mentioned in the Concession Agreement has not been completed as on date. In the meantime Govt. of India has approved six lanning of GQ under NHDP Ph-V and NHAI has been entrusted for implementation of the same. Accordingly after due bidding process NHAI has awarded the Project "Six lanning of AV section of NH-8 and improvement of AV Expressway on DFBO pattern under NHDP Ph-V to a new concessionaire i.e. IRB with premium. For enabling NHAI to execute the new concession agreement with IRB, the company (AVEXCL) has given a No Objection Certificate (NOC), providing the consent to NHAI for entering into the new concession agreement with IRB for executing the Project for six lanning of corridor as mentioned above. NHAI entered the agreement with the selected bidder (IRB) on 25.07.2011. However it has been decided that, the concession agreement between AVEXCL and NHAI be valid and effective and AVEXCL shall continue to fulfill its obligations there under till the occurrence of final of new concessionaire is achieved. The concession agreement between AVEXCL and NHAI shall be terminated only when financial closure of IRB is achieved. The financial closure of IRB has been achieved only on 01.01.2013. finally, the project was with the AVEXCL till 31.12.2012 and handed over to NHAI w.e.f 01.01.2013 enabling NHAI to handed over the project to IRB.

In view of above decision of the board of AVEXCL, the concession agreement with the NHAI terminated w.e.f 01.01.2013 and transferred the whole project of AVEXCL on a going concern basis to NHAI without any consideration i.e. Asset Value of Rs. 428.35 Cr. Appearing in the books of AVEXCL as at 31.12.2012 transferred to NHAI with a NIL (Zero) value.

(a) As per the conditions of bidding document, Tax Liabilities such as TCS, Service Tax, any other statutory liabilities if raised by authority / Document and stamp duty are to be borne by the Bidders and the Bid amount shall be exclusive of all the taxes. The company has obtained the undertaking from the contractor to pay any statutory liabilities including Service Tax if raised by any authority/Department during the contract period or in future.

(b) Previous Year figures have been regrouped/reclassified wherever considered necessary, to make them comparable with the current year's figures.

3. Capital Commitment

There is no contract remaining to be executed on Capital Account.

4. Segment reporting

The company is operating a single business/ geographical segment i.e. Operation & maintenance of Expressway/Highway and therefore as for the requirement of Accounting Standrd-17 on segment reporting issued by the Institute of the Chartered Accountant of India, no additional disclosures are required.

5. Related Party Disclosures

As per Accounting Standard 18 "Related Party Disclosures" issued by Institute of Chartered Accountants of India

The name of related parties and relationships are given below.

Name of the related party	**Relation**
National Highways Authority of India	Holding/ Parent company
Shri Satish Chandra IAS	Chairman & Managing director
Shri A.K Sharma	Director
Shri S.K Patel	Director

Nature of Transaction	Holding Company	
	Current Year	Previous Year
Received Loans	-	-
Repayment of Loan	-	-
	-	34.28
Recoverable / Payable from/to NHAI	225.09	205.65
Interest on Loan(net)		

As stated above Company have transferred all the project assets to NHAI w.e.f 01.01.2013 without any consideration.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1. Provisions and Contingent liabilities

Provisions for capital expenditure, which are approved by the supervision consultant/engineer, are provided for in the financial statements. Provision for revenue expenditure for Bill of Quantities (BOQ) items is made at contract value and for Non- BOQ items provision is made to the extent of the value certified by the Engineer.

2. Revenue Recognition

Contingent Liabilities are not provided for in the books but are shown by way of notes to the accounts.
Contingent Assets are neither recognized nor disclosed in the financial statements
Income from Toll Collection is recognized when a vehicle passes through the barrier after paying the due charges.
Income from license fees for BOT is recognized on accrual basis.
Income from interest on term deposits is recognized on a time proportion basis.
Income from sale of tender documents is recognized at the time of handing over of tender documents on receiving the payments.
Other Incomes are accounted for on cash/receipt basis.
Pre-operative Expenses are amortized over a period not exceeding five years using the straight-line the Company.

3. Capital Commitment

There is no contract remaining to be executed on Capital Account.

4. Segment Reporting

The company is operating a single business/ geographical segment i.e. Operation & maintenance of Expressway/Highway and therefore as per the requirement of Accounting Standard-17 on segment reporting issued by the Institute of the Chartered Accountants of India, no additional disclosures are required.

5. Related party

As per Accounting Standard-18 –'Related party disclosures' issued by the Institute of Chartered Accountants of

India: The name of the related parties and relationships are given below:

Name of the related party	**Relation**
National Highways Authority of India	Holding / Parent Body
Shri Satish Chandra, IAS	Chairman & Managing Director
Shri A.K.Sharma	Director
Shri S.K.Patel	Director

Nature of transaction	**Holding Company Amt. (Rs. In Lacs)**	
	Current year	**Previous year**
Received Loans	-	-
Repayment of Loan	**0**	**0**
Recoverable/ payable from/to NHAI	**0**	**34.28**
Interest on Loan (net)	**225.09**	**205.66**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. Contingent Liabilities:

Claims against the company not acknowledged as debt;

i. Company has been served a Show Cause Notice by the Asst. Commissioner of Income-tax, TDS Circle, Ahmedabad, on 5th March, 2012 for failure to collect TCS under Section 206C (1C) of the Income-tax Act, 1961, on the toll fee collected at toll plazas on Ahmedabad Vadodara Expressway from A.Y. 2005-06 to 2010-11. Further a notice of demand u/s 156 of Income Tax Act, 1961 pursuant to completion of order u/s 206C(6A) & 206C(7) of Income Tax Act, 1961 has been received by the Company on 02.04.2013 from A.Y. 2005-06 to A.Y. 2010-11 amounting approx. to Rs. 877.53 Lacs (including interest amounting to Rs. 309.94 Lacs).

ii. A demand of Rs. 8,89,67,190 has been assessed by the Income Tax Department as per Intimation u/s 143(1) received by the Company on 20.08.2013 for A.Y. 2012-13 in lieu of return filed by the Company vide ack. no. 502907211290912 dt. 29.09.2012.

iii. The Director of Income Tax (International Taxation), Appellant has filled Tax Appeal in the Hon'ble High Court of Gujarat at Ahmedabad against order passed by Income Tax Appellate Tribunal deleting the penalty of Rs. 352.96 Lacs levied by Jt. Director of Income Tax (Intl. Tax) Ahmedabad u/s. 271 of the IT Act.

iv. PIU has received legal notice from M/s. Leo Security Services with regard falsely encashing bank guarantee amounting to Rs. 22.00 Lacs along with interest 24% p.a. and Rs. 10.00 Lacs towards damages along with Rs. 11,000/- being the cost of legal notice and Rs. 1,100/- towards incidental expenses.

v. PIU has received legal notice from M/s. C 3 Security services with regard falsely encashing bank guarantee amounting to Rs. 40.00 Lacs along with interest 24% p.a. and Rs. 10.00 Lacs towards damages along with Rs. 11,000/- being the cost of legal notice and Rs. 1,100/- towards incidental expenses.

2. General

a) Ahmedabad Vadodara Expressway Company Limited (AVEXCL), a wholly owned subsidiary of National Highways Authority of India (NHAI) was incorporated on 05.04.2000 pursuant to and in accordance with clause (g) of Section 16(2) of the NHAI Act, 1988 for financing, procurement, construction, operation and maintenance of the Expressway between Ahmedabad and Vadodara (from kms 0.00 to kms 93.3) on Build, Operate and Transfer (BOT) basis. A concession agreement was entered between AVEXCL and NHAI for the said project on March 05, 2002 with the appointed date on 01.04.2002 for a concession period of 25 years. Later, Ahmedabad Vadodara Section of NH-8, being parallel to AV Expressway, it was decided by the Ministry of Shipping, Road Transport & Highways and NHAI to treat the AV Section of NH-8 and AV Expressway as a single commercial corridor and entrusted the same to AVEXCL for development. Accordingly an addendum dated February 02, 2007 to the concession agreement was executed. The concession period of 25 years as mentioned in the Concession Agreement has not been completed as on date. In the meantime Govt. of India has approved six laning of GQ under NHDP Ph-V and NHAI has been entrusted for implementation of the same. Accordingly after due bidding process NHAI has awarded the Project “Six laning of AV section of NH-8 and improvement of AV Expressway on DBFO pattern under NHDP Ph-V” to a new concessionaire i.e. IRB with a Premium. For enabling NHAI to execute the new concession agreement with IRB, the Company (AVEXCL) has given a No Objection Certificate (NOC), providing the consent to NHAI for entering into the new concession agreement with IRB for executing the project for the six laning of the corridor as mentioned above. NHAI entered the agreement with the selected bidder (IRB) on 25.07.2011. However it has been decided that, the concession agreement between AVEXCL and NHAI is valid and effective and AVEXCL shall continue to fulfil its obligations there under till the occurrence of financial closure of the new concessionaire is achieved. The Concession Agreement between AVEXCL and NHAI shall be terminated only when financial closure of IRB achieved. The financial closure of IRB has been achieved only on 01.01.2013. Finally, the Project was with the AVEXCL till 31.12.2012 and handed over to NHAI w.e.f. 01.01.2013 enabling NHAI to handed over the Project to IRB.

The chronologies of events are as follows:

Date of Incorporation of AVEXCL	05.04.2000
Date of Signing of Concession Agreement with NHAI	05.03.2002
Start of Concession Period	01.04.2002
Original Date of end of Concession Period	31.03.2027
Date of Agreement between NHAI & IRB	25.07.2011
Financial Closure of IRB	01.01.2013
Projects with AVEXCL	31.12.2012
Projects handed over by AVEXCL to NHAI	01.01.2013

In this regard, the following resolutions were passed in the 49thMeeting of the AVEXCL Board held on 28th June 2011.

“RESOLVED THAT the Company has no objection and accords its consent for NHAI to entering into the new concession agreement with the selected Bidder for execution of the project for six laning of Ahmedabad Vadodara Section of NH-8 (km. 6.400 to km. 104.00) and improvement of Ahmedabad Vadodara Expressway on BOT (Toll) on DBFOT basis.”

“RESOLVED FURTHER THAT the Concession Agreement between AVEXCL and NHAI shall be valid and effective and AVEXCL shall continue to fulfill its obligations thereunder till the occurrence of Financial Close under the new concession agreement to be signed by NHAI with the selected Bidder, and the Concession Agreement between AVEXCL and NHAI shall be terminated only when Financial Close under the new concession agreement to be signed by NHAI with the selected Bidder is achieved.”

“RESOLVED FURTHER THAT an unconditional undertaking has to be obtained from NHAI to indemnify AVEXCL for taking over all assets and outstanding claims/ dues/ liabilities both present and future as well as absorption of the existing employees of the Company in the respective cadre/post of NHAI before handing over the project to the new concessionaire and winding up formalities will be commence there after. “

“RESOLVED FURTHER THAT Dr. J.N.Singh, Chairman be and is hereby authorized to sign the No Objection Letter in favour of NHAI, consenting for NHAI entering into the new concession agreement with the selected Bidder and to do all other acts, deeds and things as may be deemed necessary and expedient for the aforesaid purpose.”

Also AVEXCL Board in its 57th meeting held on 22.03.2013 has noted the decision of the Executive Committee of NHAI held on 20.12.2012 for all its SPVs which was as follows.

“After due deliberation, the committee opined that it would be in the larger interest of NHAI to take over the assets/liabilities of all the SPVs as almost all the SPVs (except JNPT) will take considerably larger period to be in a position to pay back its debts. It is also noted by the committee that NHAI is the major contributor of equity and debt components whereas the sub-debt components received from other agencies is only about Rs. 42 Crores (as against Rs. 271 Crores committed). As such, the committee opined that in case the other stakeholders are ready to quit the SPV after realizing the debt component, NHAI can take over the assets/liabilities of all SPVs. However, considering that the SPV of JNPT project is profit making and CIDCO/JNPT are providing costly land for the upcoming six/eight lane project on BOT, committee decided that this SPV may be continued. Accordingly, the committee directed to work out the comprehensive financing and legalities after obtaining NOCs from other stakeholders for placing before NHAI Board. In view of above, the committee opined that it may be prudent that the Toll Notification of all SPVs (except JNPT) may be notified as "public funded project" as ultimately the user fee (Toll) of these projects is to be collected by NHAI. The committee further decided that till such time the assets/liabilities of SPVs is taken over by NHAI following due process and consent of stakeholders, the matching amount of user fee (Toll) being collected by NHAI shall be paid to respective SPVs".

In view of above decision of NHAI, the Parent body of the Company, Board withdrew all its earlier resolutions/decisions passed in several earlier Board Meetings regarding winding up of the Company. In view of the above, Board has resolved that, the Company (AVEXCL) will be treated as a going concern entity and the concept of going on concern has to be continued till a comprehensive decision taken by NHAI for all its SPVs after getting the report from M/s. Deloittee, the Consultant appointed for this purpose.

Finally, Board in its 58th meeting held on 25.06.2013 has passed the following resolutions.

"RESOLVED THAT consent of the Board of Directors be and is hereby accorded to transfer of whole project of expressway between Ahmedabad and Vadodara (from 0.00 kms to 93.3 km) along with Ahmedabad Vadodara Section of NH-8., AUDA ring road, tree plantations etc. on a going concern basis to NHAI for handing over to new concessionaire w.e.f. 1st January, 2013."

"RESOLVED FURTHER THAT consent of the Board accorded for transfer of Project assets (AV Expressway, AV Section of NH-8., Auda Ring Road, Tree plantations etc.) as appearing in the Books of Company as on 31.12.2012 to NHAI without any consideration.

"RESOLVED FURTHER THAT the depreciation on the above assets will be charged till 31.12.2012 as per the rate applicable in previous year."

"RESOLVED FURTHER THAT NHAI shall be requested to indemnify AVEXCL for taking over assets and outstanding claims/dues/liabilities both present and future as well absorption of employee who is presently in the roll of AVEXCL in the respective cadre/post of NHAI."

"RESOLVED FURTHER THAT Company to continue on a going concern basis and comply with all legal regulations as may be applicable till a comprehensive decision taken by its parent body NHAI for all its SPVs after getting the report from M/s. Deloittee, the Consultant appointed for this purpose.

"RESOLVED FURTHER THAT request be made to parent body NHAI from time to time for releasing of funds for meeting the statutory liabilities, dues and obligations as per the requirement of the Company."

In view of the above decision of the Board of AVEXCL, the Concession Agreement with NHAI terminated w.e.f. 01.01.2013 and transferred the whole project of AVEXCL on a going concern basis to NHAI without any consideration. i.e. Asset Value of Rs. 428.35 Cr. appearing in the Books of AVEXCL as at 31.12.2012 transferred to NHAI with a NIL (Zero) value.

b) As per the conditions of the bidding document, the Tax Liabilities such as TCS, Service Tax, any other statutory liabilities if raised by any authority / Document and stamp duty are to be borne by the Bidders and the Bid amount shall be exclusive of all taxes. The company has obtained the undertaking from the contractor to pay any statutory liabilities including Service Tax if raised by any Authority / Department during the contract period or in future.

c) Previous Years figures have been regrouped/reclassified wherever considered necessary, to make them comparable with Current Year figures.

3. Capital Commitment

There is no contract remaining to be executed on Capital Account.

4. Segment Reporting

The company is operating a single business/ geographical segment i.e. Operation & maintenance of Expressway/Highway and therefore as per the requirement of Accounting Standard-17 on segment reporting issued by the Institute of the Chartered Accountants of India, no additional disclosures are required.

5. **Related party**

As per Accounting Standard-18 –'Related party disclosures' issued by the Institute of Chartered Accountants of India:

The name of the related parties and relationships are given below:

Name of the related party	**Relation**
National Highways Authority of India	Holding / Parent Body
Shri Narendra Kumar, IAS	Chairman & Managing Director
Shri N.R.Dash	Director
Shri P.R.Patelia	Director
Shri Rakesh Nagar	Director
Shri A.K.Sharma	Director
Dr. J.N.Singh,IAS	Ex - Chairman
Shri R.K.Singh	Ex -Director

Nature of transaction	**Holding Company Amt. (Rs. In Lacs)**	
	Current year	**Previous year**
Received Loans	-	-
Repayment of Loan	**7,457.93**	**8,134.87**
Recoverable/ payable from/to NHAI	**30.24**	**30.24**
Concession Fees	**0.00**	**0.00**
Interest on Loan (net)	**385.21**	**1,300.18**

6. **Lease**

The site on which the Expressway/Highway Project is situated is licensed by NHAI to the Company for 25 years for a concession fee of Re. 1/- p.a. under and in accordance with the Concession Agreement and is classified as an Operating Lease.

The information as per Accounting Standard-19, -'Leases' issued by the Institute of Chartered Accountants of India is as follows:

a. The total of future minimum lease payments payable for each of the following periods:

not later than one year	Rs. 1
later than one year and not later than five years	Rs. 4
later than five years	Rs. 10

As stated above, Company has transferred all project assets etc. to NHAI w.e.f 01.01.2013 without any consideration.

Statement of Accounting Ratios - Annexure-VII

PARTICULARS	2017	2016	2015	2014	2013
Earnings per share Basic	(0.07)	(0.07)	(0.01)	(0.02)	(10.79)
Earnings per share Dilutive	(0.07)	(0.07)	(0.01)	(0.02)	(10.79)
Return on net worth (%)	-	-	-	-	-
Net asset value per equity share (`)	0.26	0.19	0.26	0.34	0.36
Weighted average number of equity shares outstanding during the year / period (in crore)	31.285	31.285	31.285	31.285	31.285
Total number of share outstanding at the end of the year / period (in crore)	31.285	31.285	31.285	31.285	31.285
Debt Equity Ratio	0.58	3.30	2.41	1.81	0.42

Notes:

The ratios have been computed as below:

Earnings per Share (`)	=	**Profit after tax / Number of equity shares at the end of the year**
Net asset value per equity share (Rs.)	=	**Net worth at the end of the year / Number of equity shares outstanding at the end of the Year**
Debt Equity	=	**Total Debt outstanding at the end of the year / Net worth at the end of the year**

Qualification/Emphasis of Matter paragraph to Auditors' Reports Annexure-VIII

Year ending March 31, 2017

Basis for Qualified Opinion

1.The Business activities of the company were in the F.Y" 2012-13 following appointment of a concessionaire by NHAI arent company) w.e.f. 01.01.2013 and consequent transfer of almost all its productive fixed assets to NHAI at NIL value. It had incurred substantial loss in successive financial years thereafter due to transfer of fixed assets at nil value and incurring interest expenses on borrowings from NHAI.

2.Agreement document between AVEXCL and NHAI in respect of transfer of all fixed assets at Nil value by the former to the latter is not available on record. It has been informed that no such formal agreement between the two companies had taken place in this regard. Nor any sale document / documents in support of actual handing over of the fixed assets by the AVEXCL to NHAI are held on record. It is stated that the project was handed over by AVEXCL to NHAI with a request to **NHAI** to meet all present and future liabilities of the company which NHAI had agreed

3.We draw attention to Note 20 to the financial statements, stating that the management **is** in the process of liquidating the company. Accordingly, the company has followed liquidation basis of accounting to record the assets and liabilities as at balance sheet date. It is presently not determinable whether the expenditure associated with liquidation of the company and amounts that the creditors agree to accept in settlement of the obligations due to them will materially differ from the amounts shown in these financial statements. However, the ultimate holding company National Highway Authority of India has committed to contribute for any future obligation on account of liquidation and shortfall in final settlements of the. creditors of the Company and accordingly the accompanying financial statements do not include such adjustments.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in india.

1. In the case of the balance sheet of the state of affairs of the company as at 31st march 2017.
2. In the case of statement of profit and loss a/c, loss for the year on that date
3. In the case of cash flow statement, of the cash flows of the year on that date.

Year ending March 31, 2016

Basis for Qualified Opinion

1. The Business activities of the auditee company were discontinued in the F.Y. 2012-13 following appointment of a concessionaire by NHAI (Parent company) w.e.f. 01.01.2013 and consequent transfer of almost all its productive fixed assets to NHAI at NIL value. It had incurred substantial loss in successive financial years thereafter due to transfer of fixed assets at nil value and incurring interest expenses on borrowings from NHAI.

2. Agreement document between AVEXCL and NHAI in of transfer of all fixed assets at Nil value by the former to the latter is not available on record. It has been informed that no such formal agreement between the two companies had taken in this regard. Nor any sale document / documents in of actual. The AVEXCL to NHAI are held on record. It is stated that the project was handed over by AVEXCL to NHAI with a request to NHAI to meet all present and future liabilities of the company which NHAI had agreed.

3. AVEXCL'S Net Worth has been substantially eroded in the last three financial years owing largely to losses suffered by it on transfer of its fixed assets at value of its NHAI. Net worth of the company which was Rs. 34855.87 lakh in FY 2011-12 came down to Rs. 583.96 lakh in FY 2015-16.

4. The board of AVEXCL at its 61't meeting held on 31.03.2014 accorded its approval for winding up of the company and further in meeting Board fixed the cut-off date for preparation of accounts for the solvency audit as 31.03.2015.However the winding up of the company is yet to be completed.

5. We draw attention to Note 20 to the financial statements, stating that the management is in the process of liquidating the company. Accordingly, the company has followed liquidation basis of accounting to record the assets and liabilities as at balance sheet date. It is presently not determinable whether the expenditure associated with liquidation of the company and amounts that the creditors agree to accept in settlement of the obligations due to them will materially differ from the amounts shown in these financial statements. However, **the** ultimate holding company National Highway Authority of India has committed to contribute for any future obligation on account of liquidation and shortfall in final settlements of the creditors of the Company and accordingly the accompanying financial statements do not include such adjustments.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph, the financial statements the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting generally accepted in India:

(i) In the case of the Balance of the state of affairs of the as at 31 March 2016;
(ii)In the case of the Statement of Profit and of the loss for the year ended on that date and
(iii)In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Year ending March 31, 2015

Basis for Qualified Opinion

1.) The Business activities of the auditee company were discontinued in the F.Y. 2012-13 following appointment of a concessionaire by NHAI (Parent company) w.e.f. 01.01.2013 and consequent transfer of almost all Its productive fixed assets to NHAI at NIL value. A few remaining fixed assets had also been transferred to NHAI on 31-12-2013 at NIL value. Thus, with all its project assets having been transferred to NHAI without any consideration, company had incurred consequential loss. Rationality/justification is not available on record for such transfer of fixed assets during the earlier years at NIL value, thus leading to huge loss to the company, besides giving rise to other possible complications, such as incorrect pricing of ongoing fixed assets, tax issues etc.

2.) Agreement document between AVEXCL and NHAI in respect of transfer of all fixed assets at nil value by the fo**r**mer to the latter is not available on record. It has been informed that no such formal agreement between the two companies had taken place in this regard. Nor any sale document/ documents In support of actual handing over of the fixed assets by the AVEXCL to NHAI are held on record. It is stated that the project was handed over by AVEXCL to NHAI with a request to NHAI to meet all present and future liabilities of the company which NHAI had agreed.

3.) AVEXCL'S net worth had been substantially eroded In the last three financial years owing largely to losses suffered by it on transfer of its fixed assets at NIL value to NHAI .The net worth of the company ,which was Rs 34855.87 lakh in FY 2011-12 sharply came down to Rs 1064.39 lakh in F-Y 2013-14 and to Rs 797.77 lakh in F-Y 2014-15 .Following Indemnification by NHAI for taking over of remaining assets and outstanding liabilities, dues/debts etc. both present and future of AVEXCL the board of AVEXCL at its 6l5t meeting held on 31.03.2014 accorded Its approval for winding up of the company and further in 64[1] meeting Board fixed the cutoff date for preparation of accounts for the solvency audit as **31.03.2015.**

4.) We draw attention to Note 1.1 to the financial statements, stating that the management is in the process of liquidating the company. Accordingly, the company has followed liquidation basis of accounting to record the assets and liabilities as at balance sheet **date.** It is presently not determinable whether the expenditure associated with liquidation of the company and amounts that the creditors agree to accept In settlement of the obligations due to them will materially differ from the amounts shown in these financial statements. However, the ultimate holding company National Highway Authority of India has committed to contribute for any future obligation on account of liquidation and shortfall in final settlements of the creditors of the Company and accordingly the accompanying financial statements do not include such adjustments.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph, the financial statements give the Information required by the Act In the manner so required and give a true and fair view in conformity with the accounting principles generally accepted In India:

(i) In the **case** of the Balance Sheet, of the state of affairs of the Company as at 31 March 2015;

(ii) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date and

(iii) In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Qualified Opinion

1. The Business activities of the auditee company were discontinued in the F.Y. 2012-13 following appointment of a concessionaire by NHAI (Parent company) w.e.f. 01.01.2013 and consequent transfer of almost all its productive fixed assets to NHAI at NIL value. It had incurred substantial loss in successive financial years thereafter due to transfer of fixed assets at nil value and incurring interest expenses on borrowings from NHAI.

2. Agreement document between AVEXCL and NHAI in transfer of all fixed assets at Nil value by the former to the latter is not available on record. It has been informed that no such formal agreement between the two companies had taken in this regard. Nor any sale document in of actual.

Year ending March 31, 2014

1. Basis for qualified opinion

1. The Business activities of the auditee company were discontinued in the F/Y 2012-13 following appointment offer concessionaire by NHAI (parent company) w.e.f 01-01-2013 and consequent transfer of almost all its productive fixed assets to NHAI as NIL value. A few remaining fixed assets had also been transferred to NHAI on 31-3-2013 at NIL value. Thus, with all its project assets having been transferred to NHAI without any consideration, company had incurred consequential loss in book value of Rs.42,879 lakh and Rs.0.80 lakh in F/Y 2012-13 and F/Y 2013-14 respectively. Rationality/ justification is not available on record for such transfer of fixed assets during F/Y 2012-13 and 2013-14 at NIL value, thus leading to huge loss to the company, besides giving rise to other possible Complications, such as incorrect pricing of ongoing fixed assets , tax issues etc.

2. Agreement document between AVEXCL and NHAI in respect of transfer of all fixed assets at NIL value by the former to the latter is not available on record. It has been informed that no such formal agreement between the two companies had taken place in this regard. Nor any sale documents/ document in support of actual handing over of the fixed assets by the AVEXCL to NHAI are held on record.

3. As already stated, business activities of the AVEXCL were discontinued following appointment of concessionaire, NHAI w.e.f 01-01-2013 and consequent transfer of its productive fixed assets to NHAI at NIL value on 31-12-2012. However, it has been noted that the board of AVEXCL and had formally approved such important decision post factor in its 58th meeting on 25-06-2013, which was nearly 6 months after the said transfer of the company's fixed assets and taking over of operation by the new concessionaire.

4. It is reported that due to fixation of financial closure as 31-12-2012 by the new concessionaire, AVEXCL was advised by NHAI to continue business operation till that date i.e. prior to taking over by the new concessionaire w.e.f 01-01- 2013. It is not clear why it was then necessary for AVEXCL to invite tenders in newspapers at the end of October 2012 through M/S Pamm Advertising and Marketing for appointment of user free collecting agency for Ahmedabad toll, hereby incurring an expenditure of Rs.7,85,751 which was infructuous.

5. It is stated that the project was handed over by AVEXCL to NHAI with a request to NHAI to meet all present and future liabilities of the company which NHAI had agreed. However, it is observed that AVEXCL had made payments number of old outstanding dues of substantial amounts to the contractors during the year. Besides many written back without specific justification.

6. AVEXCL'S net worth had been substantially eroded in the last two financial years owing largely to losses suffered by it on transfer of its fixed assets at NIL value to NHAI. The net worth of the company, which was Rs.34,855.87 lakhs in F/Y 2011-12 sharply came down to Rs.1,113.00 lakh in F/Y 2012-13 and to Rs.1,064.40 in F/Y 2013-14.

Following indemnification by NHAI for taking over of remaining assets and outstanding liabilities/ dues/ debts etc. both present and future of AVEXCL the board of AVEXCL at its 61st meeting held on 31-3-2014 accorded its approval for winding up of the company.

7. The auditee company has received demand of Rs.889.67 lakhs for the F/Y 2012-13 and other demands of Rs.408.90 lakh as per note no.23 (ix) for various other years, from the Income Tax Department and shown under contingent liabilities. The auditee company had not produced sufficient papers to show that appeals have been filed against it.

8. At note no.27 the auditee company has disclosed lease payments payable for the next 5 years and thereafter, whereas no such payments are to be made as all the projects assets are claimed to have been transferred.

9. Status regarding micro, small or medium enterprises of parties having credit balance is not obtained by the company.

Year ending March 31, 2013

1. Basis for qualified option

I. The auditee company claims to have divested itself only productive assets i.e. Highways w.e.f.1st January, 2013 leaving no business asset. In terms of SA 570 (Revised) on “Going Concern” issued by the Institute of Chartered Accountants Of India, in such a situation the auditee company cannot be treated as a Going Concern as claimed by it. The auditee company has also neither informed us of nor claims to nor claims to possess any alternative plan for revival/restarting any business/commercial activity in future within the objects prescribed in its Memorandum of Association.

II. Though for the last two years the proposal of NHAI to find direct concessionaire for the Highways under the auditee company and for the liquidation of the latter has been under consideration , the Board suddenly in its meeting held on 25th June, 2013 decided to handover the Highways to NHAI to be further handed over to the newly selected concessionaire which is against its earlier decisions to transfer the entire Undertaking, lock, stock and barrel, to NHAI on its furnishing an undertaking to the auditee company to liquidate/meet all the existing and future liabilities of the auditee company without satisfactory explanation. The Highways are stated to have been physically handed over to NHAI on 1st January, 2013 by the auditee Company; however, no document for the actual handing over/ taking along with inventory has been produced before us. While the Highways comprising Rs 42,879.71 Lacs of the auditee company total investment were handed over without any consideration to NHAI, it had during the year amounts aggregating to Rs 7,905.00 Lacs towards the loan from NHAI. This transaction of transferring the asset of the book value of Rs 42,879.71 Lacs written off in the books of account has resulted in a loss of Rs 3374.87 Lacs to the auditee company as against profit of Rs 8971.13 Lacs it generated for the nine month period 1st April, 2012 to 31st December, 2012 from operations.

III. The auditee company has paid advance tax aggregating to Rs 1,800.00 Lacs for A.Y. 2013-14 {F.Y. 2012-13} including Rs 900.00 Lacs in December, 2012 and Rs 300.00 Lacs in March, 2013. No explanation has been given why advance tax has been paid after the only earning asset had been handed over. As a result of the above transaction, while the nt worth of the auditee company has been reduced to a figure of Rs 1,113.00 Lacs as against the opening balance of Rs 34,855.87 Lacs, the auditee company has failed to provide any explanation as to how the existing and contingent liabilities including in respect of income tax claims for various years, pending variation orders/ suits filed by the contractors as disclosed in the accounts and noted thereto shall be met.

IV. During the year several claims in respect of variations have been approved/ taken decision on, such as M/s Ramky Infrastructure Ltd, M/s Kalthia Engineering and Construction Ltd, M/ P T Sumber Mitra Jaya etc. Some of these had been pending for very long time. In the case i.e. of M/s P T Sumber Mitra Jaya variation order claim of Rs 159.00 Lacs has been accounted for as approved against the claim of Rs 220.29 Lacs, relating to the original Phase-I construction of the Highways and which had been pending for almost ten years as explained to us. An amount of rupees more than Rs 220.29 Lacs had been lying pending recoverable for the said party on account of excess payment made initially and remaining non-recoverable; and as the said party was not allegedly traceable an amount of Rs 32.57 Lacs had been adjusted against this and recovered from M/s Ketan Construction Ltd book entry which was, as informed, a sub-contractor of M/s P T Sumber Mitra Jaya during the construction period of Phase-I .Further, an amount of Rs 184.05 Lacs received as refund from Income Tax Department was adjusted the financial statements for the year ended 31st March, 2012 as disclosed at Note no. 10 to the Balance Sheet as approved by the Board and commented by us. Now on approval of the varation order, the amount transferred from M/s Ketan Construction Ltd has been restored back to the said party and the balance amount recoverable from M/s

P T Sumber Mitra Jaya squared off by adjustment of Rs 57.93 Lacs from NHAI-PIU Karur. All this has been booked to the asset which has now been claimed to have been transferred to NHAI at NIL value. The variation approved by the auditee company includes an item "Rate Signs (17.01A A)" for which NHAI has approved rate of Rs 4,342 and the claim of the party M/s P T Sumber Mitra Jaya at Rs 13,521 has been accepted, leading to a variation {difference} claim of Rs 124.90 Lacs in favour of M/s P T Sumber Mitra Jaya only in respect of appeal has been filed against it.

V. The auditee company has received a demand of Rs 889.67 Lacs for A.Y.2012-13 from the Income Tax Department and shown under contingent liabilities. The auditee company has also not produced any evidence to show that any appeal has been filed against it. Similarly the Income Tax matter for A.Y. 2007-8 initiated vide notice dated 18th March, 2013 has not been disclosed anywhere. The proposal of the department is to make an addition of Rs. 4306.00 Lacs to the assessment already completed at a loss of Rs 3822.00 Lacs.

VI. While advance tax of Rs 1,800.00 Lacs for A.Y. 2013-14 has been paid, no provision for tax has been made in the accounts. The negative result in the statement is mainly on account of transfer of business assets of Rs. 42,879.71 Lacs and no brought forward losses have been allowed by department for A.Y. 2012-13

VII. Non- provision of employee benefits in accordance with Accounting Standard-15 for Employee Benefits.

VIII. Adjustments arising in the current period that are not a result of errors or omissions in the preparation of the financial statements of one or more prior periods but on account of crystallization during the year are shown as 'prior period items' which is contrary to Accounting Standard-5 on Net profit or loss for the period, prior period items and changed in Accounting Polices; for examples, depreciation of Rs. 60.23 Lacs an account of amount debited to fixed assets consequent to variation order approved during the year has been shown as a prior period item (Note 20 of financial statements).

IX. "Other income" at **Note no. 15** income Rs 184.05 Lacs shown as Income Tax refund. This amount was received in the previous year and reflected in the financial statements by reducing the figure of loans and Advances and also commented upon by us in our precious year audit report at paragraph 4 (c); this has now been shown as Income Tax Refund under "other income" instead of disclosing it as prior-period adjustment (Income).

X. At **Revised Note No 6** to the Notes to accounts forming part of the financial statements of the auditee company has disclosed lease payments payable for the next 5 years and thereafter, whereas no such payments are to be made as all the project assets are claimed to have been transferred.

XI. At **Revised Note No. 2(a)** to the Notes to accounts forming part of the financial statements of the auditee company has reproduced resolutions passed at the 58th Meeting of the Board of Directors held on 25th June, 2013 which state that "Asset value of Rs 428.35 crores appearing in the books of AVEXCL AS AT 31.12.2012 transferred to NHAI with a NIL (Zero) value". However, the value of assets transferred at NIL value is Rs 428.79 crores.

XII. Some of the balances under the head long-term loans and Advances and Current Liabilities are subjected to reconciliation and confirmation. The reconciliation may have effect on the Profit/Loss and Assets/Liabilities of the company for year ended 31st March 2013, the impact of which cannot be quantified at this stage.

XIII. Non-disclosure regarding non-recognition of income from a re-concession agreement arrangement between NHAI and a third party, amount unascertainable.

XIV. Status regarding micro, small or medium enterprises of parties having credit balance is not obtained by the company.

XV. the figures reported in the financial statements are in 'rupees in Lacs' wherefrom it is noticed that there are some mistakes in the individual figures and sub-totals in the unit place of the decimal figures (overstated/understated by Rs.0.01 Lacs/Rs0.02 Lacs) which have not been rectified.

INDEPENDENT AUDITOR'S REPORT

The Board of Members

NATIONAL HIGHWAY AUTHORITY OF INDIA

G-5&6, Sector-10, Dwarka, New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF CALCUTTA HALDIA PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), IN THE FINANCIAL YEAR 2018-2019 ("ISSUE").

1. We have read the reformatted financial information of **CALCUTTA HALDIA PORT ROAD COMPANY LIMITED** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Bharatmala Bonds /Auditor/2018-19 dated September 6, 2018, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2017, 2016, 2015, 2014 and 2013, which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2016-17	PVRN & CO.
2015-16	PVRN & CO. .
2014-15	PVRN & CO.
2013-14	D.C Garg & Co.
2012-13	D.C Garg & Co.

We have placed reliance on the audit reports of these auditors for the respective years.

2. **Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Schedule III of the Companies Act, 2013.

3. **Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013,and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. **Financial Information as per Audited Financial Statement**

We have read the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2013 to 31st March, 2017 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI to this report.
ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Schedule III of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.
iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2017. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.
iv. The Company has not declared any dividends for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013.
v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.
vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.
vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 which are reproduced in Annexure VIII.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, adjustments of amounts pertaining to mathematical accuracy and adjustment of amounts arising out of auditor's qualifications.

For the financial year ending on 31st March 2017, the figures as per capital work in progress in the balance sheet

as reported in audited financial statements is Rs. 3111.42 Lacs whereas in the notes to accounts as shown in note no 8 of the audited financial statements is Rs. 165.68 Lacs.

6. Other Reformatted Financial Information of the Company:

At the company's request we have read the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 annexed to this report:

Statements of Accounting Ratios as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner
Membership No- 098358

Date: 25 September 2018
Place: Ghaziabad

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED **Annexure-I**

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES **(Rs. in Lacs)**

Particulars	Notes	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES						
(1) Shareholder's Funds						
(a) Share Capital	1	19260.00	15660.00	15660.00	6,921.00	6,921.00
(b) Reserves and Surplus	2	(6693.77)	(9986.93)	(7018.35)	(4224.79)	(178.55)
(2) Share application money pending allotment	3	2945.55	-	-	8,739.00	8739.00
(3) Non-Current Liabilities						
(a) Long-Term Borrowings	4	32979.52	32524.53	31278.02	30611.02	28727.93
(b) Deferred Tax Liabilities (Net)		-	-	-	-	-
(c) Other Long Term Liabilities	5	4981.81	4981.82	5382.25	5381.84	6588.00
(d) Long Term Provisions		-	-	-	-	-
(4) Current Liabilities						
(a) Short-Term Borrowings		-	-	-	-	-
(b) Trade Payables		-	-	-	-	-
(c) Other Current Liabilities	6	11446.13	12426.13	12581.75	12831.84	9118.31
(d) Short-Term Provisions	7	-	-	-	-	2.75
TOTAL		**64919.24**	**55605.55**	**57883.67**	**60259.91**	**59918.44**
II. ASSETS						
(1) Non-Current Assets						
(a) Fixed Assets						
(i) Tangible	8	0.56	0.11	0.23	0.44	0.56
(ii) Intangible		46240.13	49046.08	51566.33	54285.09	-
(iii) Capital Work-In-Progress	9	3111.23	33.42	-	-	57776.92
(b) Non-current investments		-	-	-	-	-
(c) Deferred tax assets (net)		-	-	-	-	-
(d) Long term loans and advances	10	2266.59	983.55	1113.05	1624.55	726.82
(e) Other non-current assets	11	744.57	744.57	744.57	744.57	787.47
(2) Current Assets						
(a) Current investments		-	-	-	-	-
(b) Inventories		-	-	-	-	-
(c) Trade receivables		-	-	-	-	-
(d) Cash and Cash equivalents	12	7456.08	197.45	29.80	362.01	540.38
(e) Short-term loans and advances	13	60.04	71.24	64.80	67.23	86.30
f) Other Current Assets	14	5040.04	4529.12	4364.89	3176.01	-
TOTAL		**64919.24**	**55605.55**	**57883.67**	**60259.91**	**59918.44**

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED

REFORMATTED STATEMENT OF PROFIT & LOSS ACCOUNT **Annexure –II**

(Rs. in Lacs)

	Particulars	Notes No.	For the Year Ending 31st March 2017	For the Year Ending 31st March 2016	For the Year Ending 31st March 2015	For the Year Ending 31st March 2014	For the Year Ending 31st March 2013
I	Pre-Operative Income :						
	Revenue from operations	15	4986.82	4529.12	4520.62	3176.01	-
	Other Income	16	8.87	13.67	3.68	16.69	9.75
	Prior Period Income		-	-	44.26	-	
	TOTAL		**4995.69**	**4542.79**	**4368.56**	**3192.71**	**9.75**
II	Pre-Operative Expenses:						
	Employee Benefit Expense	17	9.87	9.09	7.11	6.33	4.69
	Financial Costs	18	4010.32	4547.78	4331.20	3957.54	3337.34
	Depreciation	19	2806.14	2813.76	2786.38	2704.69	1.42
	Other Administrative Expenses	20	273.67	174.91	37.43	153.08	127.14
	TOTAL		**7100.00**	**7545.54**	**7162.12**	**6821.64**	**3470.60**
III	**Profit / (Loss) before exceptional and extraordinary items and tax III=(I-II)**		**(2104.31)**	**(3,002.74)**	**(2793.56)**	**(3628.93)**	**(3460.85)**
	Exceptional and Extraordinary items				-	(417.37)	(9.91)
	a). Prior Period Income		(2.54)	34.17	-	(0.06)	-
	b). Prior Period Expenses						
	Profit / (Loss) before tax		**(2106.84)**	**(2968.57)**	**(2793.56)**	**(4046.24)**	**(3470.76)**
IV	Tax expense:						
	(1) Current tax		-	-	-	-	2.759
	(2) Deferred tax		-	-	-	-	-
	(3) Fringe benefit Tax		-	-	-	-	-
	Profit(Loss) After Tax for the Year		**(2106.84)**	**(2968.57)**	**(2793.56)**	**(4046.24)**	**(3473.51)**
	Brought forward unallocated expense from last year						(5907.24)
	Closing Balance Carried over to capital work in progress						(9380.76)
	Earning per equity share:						
	Basic		(1.09)	(1.90)	(1.78)	(5.85)	-
	Diluted		**(1.14)**	**(1.90)**	**(1.78)**	**(5.85)**	-

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED

CASH FLOW STATEMENT

ANNEXURE-III

	Particulars	for the year ended 31st March, 2017 (Amount in Rs.)	for the year ended 31st March, 2016 (Amount in Rs.)	for the year ended 31st March, 2015 (Amount in Rs.)	for the year ended 31st March, 2014 (Amount in Rs.)	for the year ended 31st March, 2013(Amount in Rs.)
A.	**Cash Flow from Operating Activities**					
	Net Profit before Tax as per Statement of Profit & Loss	**(2106.85)**	**(2968.57)**	**(2793.57)**	**(4046.24)**	-
	Add : Adjustment for :-					
	- Depreciation / Amortisation	2806.14	2773.66	2786.38	2872.59	-
	- Interest Expense	4010.32	4547.78	4331.21	3957.55	-
	Prior Period Adjustments	2.54	-	-	-	-
	- Interest Income	(8.87)	(13.67)	(3.68)	(16.69)	-
	Operating Profit/(Loss) before Working Capital changes	**4703.28**	**4339.19**	**4320.33**	**2767.20**	-
	Adjusted for:-					
	Increase /(Decrease) in Current Liabilities	(980.01)	(155.61)	(53,1.95)	3710.78	-
	(Increase) / Decrease in Current Assets	(499.71)	(170.67)	(1186.4)	(3156.94)	-
	Tax Expense and Extra Ordinary Items	(2.54)	-			
	Cash Flow from Operating Activities (A)	**3221.01**	**4012.90**	**2601.95**	**3321.03**	-
B	**Cash Flow from Investing Activities**					
	Adjustments for:					
	Purchase of Fixed Assets/ WIP	(3078.45)	(686.71)	(67.48)	(1870.13)	(3477.61)
	Sale of Fixed Assets	-	400	.08	-	-
	Advances and Other Receivable	(1283.03)	129.49	511.50	(854.83)	-
	Other Non-Current Liabilities	-	(400.43)	0.42	(1206.16)	-

	Interest Income	8.86	13.67	3.68	16.70	-
	Increase/(Decrease) in Capital Work in Progress	-	-	-	2489.49	-
	Net Cash(used) from Investing Activities (B)	**(4352.63)**	**(543.97)**	**448.19**	**(1424.94)**	**(3477.31)**
C)	**Net cash flow from Financing activities**					
	Proceeds from Long Term Borrowings	455	1246.50	667.00	1883.09	-
	Interest Paid	(4010.32)	(4547.78)	(4049.35)	(3957.54)	-
	Unsecured loans	-	-	-	-	4006.93
	Share Premium Received	5400	-			-
	Procceds From issue of Shares	3600	-			-
	Share Aplication money pending allotment	2945.55	-			-
	Net cash generated from Financing activities (C)	**8390.24**	**(3301.28)**	**(3382.35)**	**(2074.45)**	**4006.93**
	Cash generated during the year (A+B+C)	7258.63	167.65	(332.21)	(178.36)	529.32
	Opening balance of cash and cash equivalents	197.45	29.80	362.01	540.37	11.04
	Closing balance of cash and cash equivalents	**7456.08**	**197.45**	**29.80**	**362.01**	**540.37**
	Components of cash and cash equivalents at the end of the year					
	Cash in hand	-	-	-	-	-
	Balance with Scheduled banks					
	- In Current Accounts	6496.07	8.94	4.80	13.51	-
	- In Deposit Accounts	960	188.50	25.00	348.50	-
	Total	**7456.08**	**197.45**	**29.80**	**362.01**	-

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSTES AND LIABILITIES **Annexure-IV**

NOTE - 1 SHARE CAPITAL

(Rs. in Lacs)

	As at 31st March, 201	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
Authorized Capital					
30,00,00,000 Equity Shares (Previous Year 15,70,00,000)					
of Rs. 10/- each	30,000.00	15,700.00	15,700.00	15,700.00	15,700.00
Issued, Subscribed & Paid up Capital					
19,26,00,007 Equity Shares					
of Rs. 10/- each fully paid up with Voting Rights	19260.00	1566.00	1566.00	6,921.00	6,921.00

(i) Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2017		As at 31.3.2016		As at 31.3.2015		As at 31.3.2014		As at 31.3.2013	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the Year	1566.00	1566.00	1566.00	15660.00	692.10	6,921.00	692.10	6,921.00	692.10	6,921.00
Fresh issue of shares during the year	360.00	3600.00			873.90	8739.00		-		
Outstanding at the end of the year	1926.00	19260.00	1566.00	15660.00	1566.00	15660.00	692.10	6,921.00	692.10	6,921.00

(ii) Shareholers holding more than 5% of the paid up capital

	As at 31.3.2017		As at 31.3.2016		As at 31.3.2015		As at 31.3.2014		As at 31.3.2010	
100% Equity Shares of Rs. 10 each fully paid up are held by	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
National Highway Authority of India and its nominees	19,26,00,007	100%	15,66,00,007	100%	15,66,00,007	100%	69210007	100%	69210007	100%

NOTE - 2 RESERVE AND SURPLUS

	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
Profit and Loss A/c	(12093.77)	(9986.93)	(7018.35)	(4224.79)	(178.55)
	(12093.77)	**(9986.93)**	**(7018.35)**	**(4224.79)**	**(178.55)**
Share Premium	5400.00	-	-	-	-

	(6693.77)	**(9986.93)**	**(7018.35)**	**(4224.79)**	**(178.55)**

NOTE - 3 SHARE APPLICATION MONEY

Share Application Money Pending Allotment	2945.55	-	-	8,739.00	8,739.00
	2945.55	**-**	**-**	**8,739.00**	**8,739.00**

NOTE - 4 LONG TERM BORROWINGS

Unsecured, Considered Good					
Loans & Advances From Related Parties					
National Highway Authority of India	32979.53	32524.52	31278.02	30611.02	28727.93
	32979.53	**32524.52**	**31278.02**	**30611.02**	**28727.93**

NOTE - 5 OTHER LONG TERM LIABILITIES

Recoveries due to terminated contractor-CWHEC-HCIL(JV)	4846.21	4846.21	4846.21	4846.21	4846.21
H D A Grant	-	-	-	-	1206.25
South eastern Railway(Digha ROB) Advance Account	-	-	400.00	400.00	400.00
Retention Money- Maurya Enterprise	-	-	0.37	-	-
Sundry Creditors	0.06	0.07	0.13	-	-
Retention Money CWHEC-HCIL(JV)	135.54	135.54	135.54	135.54	135.54
	4981.81	**4981.82**	**5382.25**	**5381.84**	**6588.00**

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

NOTE - 8 FIXED ASSETS

TANGIBLE ASSETS

Annexure-IV

(Rs. in Lacs)

Particulars	Rate			Net Block		
		As at 31.03.17	As at 31.03.16	As at 31.03.15	As at 31.03.14	As at 31.03.13
Computer & EDP Equipment	16.21%	-	-	-	-	-
Furniture & Fittings	6.33%	0.03	0.11	0.23	0.36	0.41
Office Equipment	4.75%	0.53	-	-	0.08	0.16
Total		**0.56**	**0.11**	**0.23**	**0.44**	**0.56**
Previous Year		0.11	0.23	0.44	0.56	1.98

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSTES AND LIABILITIES

Annexure-IV
(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	31st March, 2013
NOTE - 16 OTHER INCOME					
Interest on FDR	8.87	8.41	3.59	16.69	8.91
Recovery from DRAIPL CAR policy	-	4.86	-	-	-
Sale of Tender Documents	-	0.05	-	-	0.40
Interest on Income Tax refund	-	0.35	-	-	
Interest from WBSECL	-	-	-	-	0.23
Interest from DRAIPL	-	-	-	-	0.21
Existing liabilities written off	-	-	0.09	-	-
	8.87	**13.67**	**3.68**	**16.69**	**9.75**

	As at 31Mar17	As at 31Mar16	As at 31Mar15	As at 31Mar14	As at 31Mar10

NOTE - 6 OTHER CURRENT LIABILITIES

Interest accrued and due on Borrowings	10,881.75	11,722.47	11,998.52	11,716.66	8,154.88
Audit Fee payable	2.30	2.12	1.78	2.65	1.58
Statutory Remittances:	-	-	-	-	-
Statutory payable - TDS, CPF, GPF	403.72	466.91	438.99	411.98	362.73
CES-Service tax withheld	-	-	-	0.05	0.09
DRAIPL	-	-	-	556.99	469.68
Legal & Professional Expenses- DRB	35.16	59.85	52.65	50.54	24.48
Toll Revenue Payable	-	-	-	-	16.04
Others Payable	123.20	174.79	89.81	92.98	41.01
	11,446.13	**12,426.13**	**12,581.75**	**12,831.84**	**9,118.31**

NOTE -7 SHORT TERM PROVISIONS

Provision for Income Tax –Net -	0.00	0.00	0.00	0.00	2.75
	0.00	**0.00**	**0.00**	**0.00**	**2.75**

NOTE - 9 CAPITAL WORK IN PROGRESS

Capital Work in Progress at Site	165.68	33.42	-	48,019.15	48,396.16
Less:-					
Recoveries due to contractor (CWHEC-HCIL(JV) on account of Termination of contract:	-				
Liquidated Damage (time extension) -		-	-	-	-781.00
Recovery of work not Completed -		-	-	-	-
Recovery of Cost for DBM -		-	-	-	-
Recovery Of Car Insurance Not Paid -		-	-	-	-
Recovery Of Royality Not Paid -		-	-	-	-
-		-	-	-	-
Unallocated Pre-Operative Expenditure -	-	-	-	9,380.76	9,380.76
	165.68	**33.42**	**-**	**57,399.91**	**57,776.92**

NOTE - 10 LONG TERM LOANS AND ADVANCES

Unsecured and Considered good					
Security Deposit- Elec. Connection at HPL Link Rd.	-	-	-	-	2.63
Security Deposit-Wbsedcl-NH-41-PIU	-	-	-	-	2.31
Security Deposit	6.21	6.21	10.08	8.80	-
Expenses Recoverable	57.62	52.58	62.02	574.80	-
Recoverable from HAD	924.76	924.76	1,040.95	1,040.95	-
Mobilisation Advance- DRAIPL	1,278.00	-	-	-	-
Expenses Recoverable from CWHEC-HCIL-(JV)-Insurance	-	-	-	-	6.86
Electricity Bill	-	-	-	-	3.04
Recoverable from NHAI	-	-	-	-	711.98
	2,266.59	**983.55**	**1,113.05**	**1,624.55**	**726.82**

NOTE - 11 OTHER NON CURRENT ASSETS

Unamortised expenses :					
Preliminary Expenses	-	-	-	-	45.15
Recoverable from Contractor CWHEC-HCIL-JV	744.57	744.57	744.57	744.57	741.57
Recoverable from DRAIPL					0.75
	744.57	**744.57**	**744.57**	**744.57**	**787.47**

NOTE - 12 CASH AND CASH EQUIVALENT

Cash in Hand	0.00	0.01	-	-	-
Balances with Banks(Current Account)					
- Syndicate Bank & Canara Bank	6,496.08	8.94	4.80	13.51	16.88
Fixed Deposit	960.00	188.50	25.00	348.50	523.50
	7,456.08	**197.45**	**29.80**	**362.01**	**540.38**

NOTE - 13 SHORT TERM LOANS & ADVANCES

Unsecured, Considered Good Capital Advances for Material	-	-	-	-	27.40
Advance To DRB & Arbitrator Member	36.06	59.85	52.64	50.55	27.32
Advance Income Tax / TDS Receivable	14.82	1.82	6.12	4.61	3.99
Interest due in deposits	3.70	4.11	0.62	6.68	5.03
Advance AMC for software	0.07	0.07	0.03	-	-
Recoverables:	-	-	-	-	-
- VK Vyas (TCS)	-	-	-	-	1.12
- VK Vyas Daily Remittance Toll Plaza	-	-	-	-	16.04
- SC Bar Co-op House Building P Ltd	-	-	-	-	0.01
Refund due from WB Govt	5.39	5.39	5.39	5.39	5.39
	60.04	**71.24**	**64.80**	**67.23**	**86.30**

NOTE - 14 OTHER CURRENT ASSETS

Related Party	2.36	-	-	-	-
Amount recoverable Against Toll Revenue	5,037.68	4,529.12	4,364.89	3,176.02	-
	5,040.04	**4,529.12**	**4,364.89**	**3,176.02**	**-**

NOTE - 15 REVENUE FROM OPERATIONS

Toll Revenue	4986.82	4529.12	4320.62	3,176.01	-

NOTE - 17 EMPLOYEMENT BENEFIT EXPENSES

Salaries & Wages	9.87	9.09	7.11	6.33	4.13
Contribution to CPF, Pension and Leave salary	-	-	-	-	0.57
	9.87	**9.09**	**7.11**	**6.33**	**4.69**

NOTE - 18 FINANCE COST

Interest on Cash Credit Facility	4,010.32	4547.78	4331.20	3957.54	3337.34
Interest on Sub Debt from NHAI	-	-	-	-	-
	4,010.32	**4,547.78**	**4,331.20**	**3,957.54**	**3,337.34**

NOTE - 19 DEPRICIATION & AMORTISATION EXPENSES

Depreciation	2806.14	2813.76	2786.38	2704.69	1.42
Prior Period Adjustment	-	-	-	- -	-
	2806.14	**2813.76**	**2786.38**	**2704.69**	**1.42**

NOTE - 20 ADMINISTRATIVE EXPENSES

Telephone Expenses	-	-	-	-	0.01
Operation and maintenance expenses	105.46	138.39	16.41	-	-
Travelling and Conveyance Expenses	1.74	0.58	0.02	0.48	1.32
Assets written off	-	0.19	0.08	-	-
Traffic Survey	-	1.10	-	-	-
Rent and Hire Charges of Building	-	2.93	4.34	2.89	-
Legal and Professional Expenses	10.59	14.28	10.98	98.44	119.13
Repair & Maintenance	0.27	0.08	0.10	0.07	0.00
Filling and ROC Expenses	0.54	0.02	0.12	0.07	0.08
Security Expesnes	1.92	4.69	1.73	0.48	0.10
Printing, Postage and Stationery	0.02	0.03	0.02	0.00	0.21
Auditors Remuneration	3.91	3.05	2.94	2.74	3.42
Misc Exp.	0.09	0.65	-	-	0.00
Bank charges	0.04	0.00	0.00	0.00	-
Concession Fee	-	-	-	-	-

Advertisement	8.49	7.02	-	0.90	-
Professional Fees and expenses	0.43	1.20	0.36	-	-
Conveyance Expense	-	-	-	0.02	-
Electricity and water charges	-	0.26	0.33	0.10	-
ROC Fees	118.32	-	-	-	-
Stamp Duty	21.45	-	-	-	-
Loss on Sale of Mobile	-	-	-	0.07	-
Director's sitting	0.40	0.25	-	-	-
Seminar and Meeting expenses	-	0.20	0.01	0.74	0.55
Income Tax of Earlier Years	-	-	0.00	0.93	-
Preliminary Expense Written off	-	-	-	45.15	-
TOTAL	**273.67**	**174.91**	**37.43**	**153.09**	**127.14**

SIGNIFICANT ACCOUNTING POLICIES

I. Background

The Company has been set up to develop, establish, construct, operate and maintain a project relating to the construction, operation and maintenance of the Calcutta - Haldia port connectivity project under the "Build-Operate-Transfer" (BOT) Basis. A concession Agreement entered between the Company and the National Highways Authority of India, (NHAI) will confer the right to the Company to implement the project and levy toll / user charges over the long concession period after completion of construction.

Company is fully owned by National Highways Authority of India, a statutory body corporate incorporated through the promulgation of National Highways Authority of India Act, 1988.

II. Significant Accounting Policies

a) Basis of accounting (31st March 2013, 2014)

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting. As the Company had not commenced commercial operations, a statement of the Profit or Loss has not been prepared. Information required to be furnished by the Company in accordance with part II of Schedule VI forming part of the Companies Act, 1956 has been disclosed in statement of Preoperative Expenditure forming part of accounts and to the extent applicable, in these Notes forming part of the Accounts.

Basis of accounting (31st March 2015)

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting. As the Company had not commenced commercial operations, a statement of the Profit or Loss has not been prepared. Information required to be furnished by the Company in accordance with Schedule III forming part of the Companies Act, 2013 has been disclosed in statement of Preoperative Expenditure forming part of accounts and to the extent applicable, in these Notes forming part of the Accounts.

Basis of accounting (31st March 2016, 2017)

The financial statements have been prepared under the historical cost convention, on the accrual basis of' accounting. The Company has started commercial operations from 09.03.2013. Information required to be furnished by the Company in accordance with Schedule Ill forming part of the Companies Act, 2013 has been prepared and attached herewith in form of Balance Sheet. Statement of Profit and Loss, Cash-flow statement annexed with notes forming part of the Accounts.

b) Fixed assets (31st March 2013, 2014)

Fixed assets, other than project assets, are stated at their original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets. The company has the policy to write off such assets having value less than Rs. 0.05 lacs.

The Substantial fixed assets of the company, in the form of Toll Road is under construction; and when completed shall include as a comprehensive assets, Toll Plaza with other allied facilities on way, Lighting and such other fixtures. The part completion of the individual assets which eventually shall stand merged into toll road on capitalization after completion of construction, are considered incidental, ancillary and form part of capital work in progress.

The miscellaneous assets used on project including furniture and fixtures and not forming part of the project contract are owned and recorded by NHAI except to the extent disclosed in the Notes to Accounts of the Balance Sheet.

Fixed assets (31st March 2015, 2016, 2017)

Fixed assets, other than project assets, are stated at their original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets.

Project Assets comprising of Toll Road is constructed on land granted to the Company and amortizing, from completion of the project, over the relevant remaining period of agreement with NHAI on pro-rata basis.

c) Depreciation (31st March 2013, 2014)

Depreciation on fixed assets (other than project assets) is provided on the straight-line method using rates prescribed by Schedule XIV to the Companies Act, 1956.

Depreciation on partly completed but individually identified assets forming part of complete Toll Road is not charged despite having been put to use during construction period . The intended use of such party completed assets is to merge and use them as one composite facility and infrastructure of toll road. Depreciation on Project assets on (Project) will be provided upon commissioning and commencement of commercial operations as per the guidelines applicable at that time.

Depreciation (31st March 2015)

Depreciation on fixed assets (other than project assets) is provided on the basis as prescribed by Schedule XIV to the Companies Act, 1956.

Toll Road Assets are amortized on pro-rata basis over the relevant remaining concession period i.e. upto 21.09.2033 from the date of Capitalization of the project assets.

Depreciation (31st March 2016, 2017)

Depreciation on fixed assets (other than project assets) is provided on the basis as prescribed by Schedule II to the Companies Act, 2013.

Toll Road Assets are amortized on pro-rata basis over the relevant remaining concession period i.e. upto 21.09.2033 from the date of Capitalization of the project assets.

d) Investments

Investments, if any, has been valued at lower of cost or market value.

e) Borrowing Costs (31st March 2013)

Borrowing costs relatable to the acquisition or construction of the qualifying assets for the period upto their acquisition or construction are capitalized as part of the cost of the assets. All other borrowing costs shall be recognized as an expense and charged to the revenue in the year of occurrence.

Toll Road per se is considered as a single comprehensive asset. Despite being completed in parts and capable of being used as such during the construction of the other part(s), capitalization of relatable borrowing costs shall be done till completion and commissioning of the project.

Borrowing Costs (31st March 2014, 2015, 2016, 2017)

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets, to the extent they relate to the period till such assets are put to use. Other Borrowing costs are charged to Profit and Loss Account.

f) Miscellaneous expenditure (31st March 2013)

The Miscellaneous Expenditure will be amortised over a period of 5 years on commissioning of the project and commencement of commercial activities.

Miscellaneous expenditure (31st March 2014, 2015, 2016, 2017)

The company has written off miscellaneous expenditure pertaining to previous years in the current year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 3Ist MARCH 2017

1. Contingent Liabilities

Contingent Liabilities/ Commitments: 23 arbitration/DRB/legal cases initiated by the contractor CWHEC-HCIL (JV) claiming Rs 3400.17 Crores (including interest) and by ARSS I P Ltd. claiming Rs 3.06 Crores (including interest) on various issues during the year are pending with the arbitrator/ Dispute Review Board/ Courts. In few cases the Company has lost at either Arbitral Tribunal / Debt Recovery Tribunal but has not made any provision for the same as the management is confident of winning the cases at High Court Level.

2. Related Party Transactions:

a)

Description of relationship	**Name of Related Parties**
Entity having significant influence in the	National Authority of India company.

b)

Details of related party transactions during the year ended 31st March, 2017 and balances outstanding as at 31st March, 2017:

Particulars	**Entity having significant influence**	
Loans Taken	**2016-17**	**2015-16**
Unsecured Loan:		
Opening Balance	3252,452,192	3,127,802,192
Amount Taken	45,500,000	124,650,000
Amount Repaid	-	-
Balance Outstanding	3,297,952,192	3,252,452,192
Interest on above loan: Opening Balance	1,1 72,246.763	1,199.851,976
Interest Repaid during the year	445.000.000	436.905,760
Interest during the year (Net of TDS)	360,928.641	409.300.547
Balance Outstanding	1,088,175,404	1,172,246,763

3. As per agreement dated 8th January 2016 KoPT (Kolkata Port trust) was to transfer 27.491 acres of land at Ranichak for construction of project highway of CHPRCL. The value of land was determined at Rs 29.45.55.486/-.

In respect of which CHPRCL had to allot equity shares to KoPT. The certificate of possession of land was entered into between KoPT and NHAI dated 9th March 2016. after which CHPRCL entered into an MOU with M/s DRAIPL (Successful Bidder) vide which land was handed over to the constructor (M/s DRAIPL).

CHPRCL has written to KoPT vide letter dated 14th February, 2017 requesting for clarification regarding transfer of land in the name of Mis CHPRCL. As no clarification has been received from KoPT pending which the value of land as per agreement has been shown in CWIP and the shares have not been allotted to KoPT and have been shown as Share application money pending allotment. As soon as clarification from KoPT is received regarding transfer of land, shares shall be allotted to KoPT by CHPRCL.

4. As per arrangement with NI IAL the Establishment & Administrative Expenses of site office has been apportioned between NHAI: the Company in the ratio 3: 1. The total Establishment & Administrative Expenses or site office is Rs 18,84,275/- out of which Rs 1413206/- has been transferred to NHAI A/C and Rs 471069/- has been booked in the Company.

5. All the Directors or the company arc holding office in Company as nominee's of National Highways Authority of India. the parent organization. hence no payment has been made to them as salary/allowance or otherwise.

6. In the opinion of the Management, Current Assets. Loans and Advances are stated at the value which. if realized. in the ordinary course of the business would not be less than the amount mentioned. It also includes certain advances against expenses. which shall be adjusted in the subsequent years upon receipt of information and details from the recipients.

7. NHAI entrusted funds for the work of maintenance of NH-117 (also known as Kona Expressway) to be executed through "Executive Engineer. National Highways Division No. IV" for the said work. This work is not a part of the port connectivity project for which the company was initially incorporated as NHAI's SPY. The advance paid for the said work in the Financial Year 2008-09 are Rs 85,08,500/- for which utilization certificate for Rs 83.15,410/- has been received from Public Works Department to the company. The Utilization Certificate for balance amount of Rs 1.93.090/- is still awaited from Public Works Department.

8. Building & Welfare Education Cess payable to West Bengal Government represents an amount recovered from the contractor- CWHEC-HCIL (JV) during the construction period of Rs 3.487.217/- still remains to be paid on this account. Also no provision of interest has been made on this account. The amount of which is not ascertainable.

9. The company had deducted the royalty of Rs 1,70,85,624/- from the previous contractor's bill in the financial year 2007-08 but it is still not deposited by the company as the amount has been disputed by the contractor in the Arbitration Tribunal. Department has not claimed any royalty.

10. Toll collection of the CHPRCL package has been started w.e.f 09.03.2013. The Sonepetiya Toll Plaza of CIIPRCL project has been notified in the Gazette of India and toll collection is remitted to Consolidated Fund of India. However, compensatory Income against toll revenue of Rs. 49.87 crores has been recognized as revenue in the books of the company as per the decision of Executive Committee of NHAI and subsequent approval thereof.

11. The board wide it's meeting has decided to transfer all the CWIP pertaining to HPL Link Road to HDA. The amount of Capital Expenditure alongwith interest and other charges shall be recoverable from HDA in 25 installments. The final amount of said amount recoverable from HDA is still under process and has been shown under Long term Loans and Advances. The same was decided in Board meeting held on 21.09.2012.

12. No provision has been made for the amount claimed by HDA towards median plantation for the stretch NH-4 l amounting to Rs LI 6.86,738/- as the Board did not approve the same in its meeting dated 21.09.2012.

13. There are no deferred tax assets or liability as envisaged by Accounting standard-22 Accounting for Taxes on Income.

14. No provision has been made for gratuity. leave encashment and other retirement benefits to company's employees since company has not employed its own staff but the staff is from NHAI. llence. AS-15 on retirement benefits to employees is not applicable.

15. Auditors· Remuneration Includes:

Particulars	**For the year Ended 31.03.2017**	**For the year Ended 31.03.2016**
Audit fees (Including Service Tax)	132.250/-	131.100/-
Fees for IFC (Including Service Tax)	17,250/-	-
Tax Audit Fees (Including Service Tax)	40.250	39,900
	1,89,750/-	**171,000/-**

16. Cash flow Statement: Company is required to prepare Cash Flow Statement as though the company is not listed but it is a Level I enterprises as per AS-3.

17. The company does not have on its record any intimation from "suppliers" regarding their status under the Micro. Small and Medium Enterprises Development Act 2006 and hence disclosures. if any, relating to amounts unpaid as at the year end together with interest paid or payable as required under the said Act is not ascertainable.The Company awarded construction of ROB cum Flyover at Ranichak. I laldia to DRA lnfracon Pvt Ltd on 08.02.2016 and Appointed Date was declared as 18.05.2016. Project Milestone I was to occur on the date falling on 180th day from Appointed Date ie. on 13th November.2016 and Contractor was supposed to complete construction of value I 0% of contract price but Contractor could not achieve Milestone I as scheduled.

As per Clause I 0.5.1 (a) of Article I 0. Contractor may be entitled for extension of time in case of delay in completion of any Project Milestone due to delay in providing encumbrance free Right of Way. The contractor had also intimated to M/s KoPT to provide them encumbrances free project site in accordance to Clause 8.2 & 8.4 vide their letter ref. No. DRA/HLD-RC/2016-17/167 dated 28.02.2017 & DRA/HLD-RC/2016-17/170 dated 07.03.2017 but felling of trees was done and that too Stumps were yet to be removed. Filling of trees was stated on 24.12.2016 and activity was stopped on 16.02.2017. Few trees are yet to be removed all utilities arc yet to be removed and no activates arc taken up till date.

M/s KoPT has taken up a construction of Bench on Utility Corridor of project and choked all drainage facilities rather by keeping higher RL compared to our FRL of Road on at grade section. they have added a new hindrances which was also intimated by contractor vide their letter ref. No. DRA/HLD-RC/ISAN-SES/2017-18/03 l dated 17.05.2017.

Management believes that the claim of contractor is genuine and approval of extension of time to DRA lnfracon Pvt Ltd is in process. which will approve in F.Y. 2017-18.

18. Note on Demonetisation
Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December. 2016 as provided in the Table below:

PARTICULARS	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 8th November, 2016	-	-	-
(+) Permitted Receipts	-	-	-
(-) Permitted Payments	-	-	-
(-) amount deposited in banks	-	-	-
Closing cash in hand as on 30th December,2016	-	-	-

19. Figures have been rounded off to nearest rupees.

1. Contingent Liabilities

Contingent Liabilities/ Commitments: 23 arbitration/ORB/legal cases initiated by the contractor CWHEC-HCIL (JV) claiming Rs 3208.49 Crores (including interest) and by ARSS I P Ltd. claiming Rs 3.06 Crores (including interest) on various issues during the year are pending with the arbitrator/ Dispute Revie,v B0ard1 Courts. In few cases. the Company has lost at either Arbitral Tribunal I Debt Recovery Tribunal but has not made any provision for the same as the management is confident of winning the cases at High Court Level.

2. Related Party Transactions:

a)

Description of relationship	**Name of Related party**
Entity having significant influence in the company	National Highways Authority of India

b)

Details of related party transactions during the year ended 31st March, 2016 and balances outstanding as at 31st March, 2016:

Particulars	**Entity having significant influence**	
Loans Taken	**2015-16**	**2014-15**
Unsecured Loan:		
Opening Balance	3.127.802. 192	3.061.102.192
Amount Taken	124.650.000	66.700.000
Amount Repaid	-	-
Balance Outstanding	3, 52,452, 192	3,127,802,192.
Interest on above loan:		
Opening Balance	1199851976	1171666302
Interest Repaid	436905760	361622973
Interest during the Year (Net of TDS)	409300547	389808647
Balance Outstanding	1172246763	1199851976

3. As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI: the Company in the ratio 3: l. The total Establishment & Administrative Expenses of site office is Rs 18,98.949/- out of which Rs 14.24213/- has been transferred to NHAI and Rs 4.74. booked in the Company.

4. All the Directors of the company are holding office in Company as nominee's of National Highways Authority of India, the parent organization. hence no payment has been made to them as salary allowance or otherwise.

5. In the opinion of the management, Current Assets. Loans and Advances are stated at the value, which, if realized. in the ordinary course of the business. would not be less than the amount mentioned. It certain advances which shall be adjusted subsequent years upon receipt of information and details from the recipients.

6. NHAI entrusted funds for the work of maintenance of NH-117 (also known as Kona Expressway) to be executed through "Executive Engineer, National Highways Division No. IV for the said work. This work is not a part of port connectivity project for which the company was initially incorporated as NHA.J"s SPY. The advance paid for the said work in the Financial Year 2008-09 are Rs 85.08.500/- for which utilization certificate for Rs 83.15,410/- has been received from Public Works Department to the company. The Utilization Certificate for balance amount of Rs 1.93,090/- is still awaited from Public Works Department.

7. Building & Welfare Education Cess payable to West Bengal Government represents an amount recovered from the contractor-CWHEC-HCIL (JV) during the construction period of Rs 3,487,217/- still remains to be paid on this account. Also no provision of interest has been made on this account. The amount of which is not ascertainable.

8. The company had deducted the royalty of Rs 1.70.85.624/- from the previous contractor's bill in the financial year 2007-08 but it is still not deposited by the company as the amount has been disputed by the contractor in the Arbitration Tribunal. Also. the Government Department has not claimed any royalty.

9. Toll collection of the CHPRCL package has been started w.e.f 09.03.2013. The Sonepetiya Toll Plaza of CHPRCL project has been notified in the Gazette of India and toll collection is being remitted to Consolidated Fund of However. compensatory Income against toll revenue of Rs. 45.29 crores has been recognized as revenue in the books of the company as per the decision of Executive Committee of NHAI and subsequent approval thereof.

10. The board wide it's meeting has decided to transfer all the CWIP pertaining to HPL Link Road to HDA. The amount of Capital Expenditure along with interest and other charges shall be recoverable from HDA in 25 instalments. The final amount of said amount recoverable from HDA is still under process and has been shown under Long term Loans and Advances. The same was decided in Board meeting held on 21.09.2012.

11. No provision has been made for amount claimed by HDA towards median plantation the stretch NH-41 amounting to Rs. 1.1 lacs as the board did not approve the same in meeting dated 29.09.2012.

12. There are no deferred tax asset or liabilities a envisaged by accounting standard-22 (accounting of taxes on Income).

13. No provision has been made for gratuity, leave encashment and other retirement benefits to company's employees since company has not employed its own staff but the staff is from NHAI. Hence, AS-15 on retirement benefits to employees is not applicable.

14. Auditor's remuneration includes :

Particulars	For the year ended on 31.03.2016	For the year ended on 31.03.2015
Audit Fees	115,000/-	115,000/-
TOTAL	**115,000/-**	**115,000/-**

15. Cash flow Statement: Company is required to prepare Cash Flow Statement as though the company is not listed but it is a Level - l enterprises as per AS-3.

16. The company does not have on its record any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act is not ascertainable.

17. Figures have been rounded off to nearest rupees.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH. 2015

1. Contingent Liabilities

Contingent Liabilities/ Commitments: 23 arbitration/ORB/legal cases initiated by the contractor CWHEC-HCIL (JV) claiming 3015.17 Crores (including interest upto 31.03.2015) on various issues during the year are pending with the arbitrator/ Dispute Review Board/ Courts. Out of the above said amount the cases having financial implication of Rs. 153.60 crores (for Dispute No. 2 to 18 and 24) has been awarded against the Company and same has been contested by CHPRCL in the Honb'le High Court of Delhi. Dispute no. 21 to 23 are 111 Arbitration. Dispute no. I dismissed at ORB level without any further claim by either party.

2. Related Party Transactions:

a)

Description of relationship	**Name of Related Party**
Entity having significant influence in the company	National Highways Authority of India

b)

Details of related party transactions during the year ended 31st March, 2015 and balances outstanding as at 31st March, 2015:

Particulars	**Entity having significant influence**	
Loans Taken **Unsecured Loan:**	**2014-15**	**2013-14**
Opening Balance	3,061,102,192	2,872,793,309
Amount Taken	66,700,000	188,308,883
Amount Repaid	-	-
Balance Outstanding	3,127,802,192	3,061,102,192
Interest on above loan:		
Opening Balance	1,171,666,302	815,487,527
Interest Repaid	361,622,973	-
Interest during the year (Net of TDS)	389,808,647	356,178,775
Balance Outstanding	1,199,851,976	1,171,666,302

3. As per arrangement with NIIAI, the Establishment & Administrative Expenses or· site office has been apportioned between NHAI the Company in the ratio 3:1. The total Establishment & Administrative Expenses of site office is Rs 22,35,986/- out of which Rs. 16,76,990/- has been transferred to NHAI a/c and Rs. 558 ,996/- has been booked in the Company.

4. All the Directors of the company are holding office in Company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/allowance or otherwise.

5. In the opinion of the Management, Current Assets, Loans and Advances are stated al the value. which, if realized, in the ordinary course of the business, would not be less than the amount mentioned. It also includes certain advances against expenses, which shall be adjusted in the subsequent years upon receipt of information and details from the recipients.

6. NHAI entrusted funds for the work of maintenance of NH-117 (also known as Kona Expressway) to be executed through "Executive Engineer, National Highway Division No. IV" for the said work. This work is not a paii of the port connectivity project for which the company was initially incorporated as NHAI's SPY. The advance paid for the said work in the Financial Year 2008-09 are Rs. 85,08,500/- for which utilization certificate for Rs.t 83,15,410/- has been received from Public Works Department to the company. The Utilization Certificate for balance amount of Rs. 1,93,090/- is still awaited from Public Works Department.

7. NHAI entrusted aggregate funds of Rs. 4,00,00,000 during financial year 2007-08 for the work of ROB on NH-41 across Digha-Tamluk Railway Line of South Eastern Railway. Due to pendency of work this amount has been shown as Southern Eastern Railway (ROB Advance) in Note-6.

8. Building & Welfare Education Cess payable to West Bengal Government represents an amount recovered from the contractor- CWHEC-HCIL(JV) during the construction period of Rs. 34,87,217 still remains to be paid on this account. Also no provision of interest has been made on this account. The amount of which is not ascertainable.

9. The company had deducted the royalty of Rs 1,70,85,624/- from the previous contractor's bill in the financial year 2007-08 but it is still not deposited by the company as the amount has been disputed by the contractor in the Arbitration Tribunal. Also, the Government Department has not claimed any royalty.

10. Toll collection of the CHPRCL package has been started w.e.f 09.03.2013. The Sonepetiya Toll Plaza of CHPRCL project has been notified in the Gazette of India and toll collection is being remitted to Consolidated Fund of India. However, compensatory Income against toll revenue of Z 43.65 crores (including Rs.0.44 crores towards recovery of penalty for delayed deposit of toll remittance) has been recognized as revenue in the books of the company as per the decision of Executive Committee of NHAI and subsequent approval thereof.

11. The Board vide its meeting has decided to transfer all the CWIP pertaining to HPL Link Road to HDA. The amount of Capital Expenditure along with interest and other charges shall be recoverable from HDA in 25 annual installments. The final amount of said amount recoverable from HDA is still under process and has been shown under Long Tern Loans & Advances.

12. There are no deferred tax assets or liability as envisaged by Accounting standard-22 Accounting for Taxes on Income.

13. No provision has been made for gratuity, leave encashment and other retirement benefits 10 company's employees since company has not employed its own staff but the staff is from NHAI. Hence, AS-15 on retirement benefits to employees is not applicable.

14. Auditors' Remuneration Includes:

Particulars	For the year Ended 31.03.2015	For the year ended 31.03.2014
Audit Fees (Plus Service Tax)	115,000/-	115,000/-
	115,000/-	**115,000/-**

15. Cash flow Statement: Company is required to prepare Cash Flow Statement as though the company is not listed but it is a Level - 1 enterprises as per AS-3.

16. The company does not have on its record any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act is not ascertainable.

17. Figures have been rounded off to nearest rupees.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH. 2014

1. Contingent Liabilities

Contingent Liabilities/ Commitments: 24 arbitration/DRB/legal cases initiated by the contractor CWHEC-HCIL (JV) claiming ` 2824 Crores (including interest) on various issues during the year are pending with the arbitrator/ Dispute Review Board/ Courts.

2. Related Party Transactions:

a)

Description of relationship	Name of Related Parties
Entity having significant influence in the company	National Highways Authority of India

b)

Details of related party transactions during the year ended 31st March, 2014 and balances outstanding as at 31st March, 2014:

Particulars	Entity having significant influence	
Loans Taken	2013-14	2012-13
Unsecured Loan:		
Opening Balance	2,872,793,309	2,472,100,000
Amount Taken	188,308,883	400,693,309
Amount Repaid	-	-
Balance Outstanding	3,061,102,192	2,872,793,309
Interest on above loan:		
Opening Balance	815,487,527	515,126,688
Interest Repaid	-	-
Interest during the year (Net of TDS)	356,178,775	300,360,839
Balance Outstanding	1,171,666,302	815,487,527

3. As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI: the Company in the ratio 3:1. The total Establishment & Administrative Expenses of site office is ` 15,05,943/- out of which ` 11,29,458/- has been transferred to NHAI a/c and ` 3,76,485/- has been booked in the Company.

4. All the Directors of the company are holding office in Company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/allowance or otherwise.

5. The Company has capitalized "Capital Work in Progress" under Intangible Assets-Road & Bridges w.e.f. 09th March, 2013 the assets lying as Toll collection has been started from this date.

6. During the year the Company has written off entire amount of preliminary expenses in the Statement of Profit & Loss in accordance with para 56 of Accounting Standard-26 "Intangible Assets".

7. Balances of debtors, creditors and advances are subject to confirmation.

8. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned. It also includes certain advances against expenses, which shall be adjusted in the subsequent years upon receipt of information and details from the recipients.

9. NHAI entrusted funds for the work of maintenance of NH-117 (also known as Kona Expressway) to be executed through "Executive Engineer, National Highway Division No. IV" for the said work. This work is not a part of the port connectivity project for which the company was initially incorporated as NHAI's SPV. The advance paid for the said work in the Financial Year 2008-09 are ` 85,08,500/- for which utilization certificate for ` 83,15,410/- has been received from Public

Works Department to the company. The Utilization Certificate for balance amount of ` 1,93,090/- is still awaited from Public Works Department.

10. NHAI entrusted aggregate funds of ` 4,00,00,000 during financial year 2007-08 for the work of ROB on NH-41 across Digha-Tamluk Railway Line of South Eastern Railway. Due to pendency of work this amount has been shown as Southern Eastern Railway (ROB Advance) in Note-6.

11. Building & Welfare Education Cess payable to West Bengal Government of ` 36,40,717 includes an amount recovered from the contractor- CWHEC-HCIL(JV) during the construction period of ` 34,87,217 still remains to be paid on this account. Also no provision of interest has been made on this account. The amount of which is not ascertainable.

12. The company had deducted the royalty of ` 1,70,85,624/- from the previous contractor's bill in the financial year 2007-08 but it is still not deposited by the company as the amount has been disputed by the contractor in the Arbitration Tribunal. Also, the Government Department has not claimed any royalty.

13. Toll collection of the CHPRCL package has been started w.e.f 09.03.2013. The Sonepetiya Toll Plaza of CHPRCL project has been notified in the Gazette of India and toll collection is being remitted to Consolidated Fund of India. However, compensatory Income against toll revenue of ` 31.76 crores has been recognized as revenue in the books of the company as per the decision of Executive Committee of NHAI and subsequent approval thereof.

14. The Board vide its meeting dated has decided to transfer all the CWIP pertaining to HPL Link Road to HDA. The amount of Capital Expenditure along with interest and other charges shall be recoverable from HDA in 25 annual installments. The final amount of said amount recoverable from HDA is still under process and has been shown under Long Term Loans & Advances.

15. No provision has been made for the amount claimed by HDA towards median plantation for the stretch NH-41 amounting to ` 1,16,86,738/- as the Board did not approve the same in its meeting dated 21.09.2012.

16. There are no deferred tax assets or liability as envisaged by Accounting standard-22 Accounting for Taxes on Income.

17. No provision has been made for gratuity, leave encashment and other retirement benefits to company's employees since company has not employed its own staff but the staff is from NHAI. Hence, AS-15 on retirement benefits to employees is not applicable.

18. Auditors' Remuneration Includes:

Particulars	For the year Ended 31.03.2014	for the year Ended 31.03.2013
Audit Fees (Including Service Tax)	129,214/-	95,506/-
	-------------	-------------
	129,214/-	95,506/-

19. Cash flow Statement: Company is required to prepare Cash Flow Statement as though the company is not listed but it is a Level – 1 enterprises as per AS-3.

20. The company does not have on its record any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act is not ascertainable.

21. Previous year's figures for Statement of P&L have been shown at NIL value as the expenses and incomes were accounted as preoperative income or expenses.

22. Figures have been rounded off to nearest rupees.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH. 2013

1) Contingent Liabilities

Contingent Liabilities/ Commitments: - 22 arbitration/DRB/legal cases initiated by the contractor CWHEC-HCIL (JV) claiming Rs. 1544.67 crores on various issues during the year are pending with the arbitrator/ Dispute Review Board/ Courts.

2) Since Statement of Profit and Loss has not been prepared, Earning per Share in pursuance to Accounting Standard 20 issued by the Accounting Standard Rules, 2006 has not been given.

3) Related Party Transactions:

a)

Description of relationship	Name of Related Parties
Entity having significant influence in the company	National Highways Authority of India

b) Details of related party transactions during the year ended 31st March, 2013 and balances outstanding as at 31st March, 2013:

Particulars	Entity having significant influence	
Loans Taken	**2012-13**	**2011-12**
Unsecured Loan:		
Opening Balance	2,472,100,000	1,694,000,000
Amount Taken	400,693,309	778,100,000
Amount Repaid	-	-
Balance Outstanding	**2,872,793,309**	**2,472,100,000**
Interest on above loan:		
Opening Balance	515,126,688	231,305,570
Interest Repaid	-	-
Interest during the year	300,360,839	283,821,118
Balance Outstanding	**815,487,527**	**515,126,688**

4) As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI: the Company in the ratio 3:1. The total Establishment & Administrative Expenses of site office is Rs. 11,26,750/- out of which Rs. 8,45,065/- has been transferred to NHAI a/c and Rs. 2,81,685/- has been booked in the Company.

5) All the Directors of the company are holding office in Company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/allowance or otherwise.

6) The initial completion date of the project was March 9, 2005. During FY 2007-08, the competent authority approved the completion date to February 14, 2007 but some dispute arose and the Company terminated the contract with CWHEC-HCIL (JV), on 26.04.2007 on account of fundamental breach of contract.

For completion of balance work of NH-41 along with improvement of HPL Link Road, M/s Dinesh Chandra R. Agrawal Infracon Pvt. Ltd. was appointed as a new contractor on April 29, 2008 and entire site was handed over by the project director to the new contractor vide letter no. PIU/Haldia/PC-1002 (DRA)/243/08-09 dated 30.09.2008. The stipulated time for the completion of the balance work was September 29, 2010 and for improvement of HPL Link Road was December 29, 2009. The consultant has issued provisional completion certificate vide

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7) Balances of debtors, creditors and advances are subject to confirmation.

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8) In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned. It also includes certain advances against expenses, which shall be adjusted in the subsequent years upon receipt of information and details from the recipients.

9) NHAI entrusted funds for the work of maintenance of NH-117 (also known as Kona Expressway) to be executed through "Executive Engineer, National Highway Division No. IV" for the said work. This work is not a part of the port connectivity project for which the company was initially incorporated as NHAI's SPV. The advance paid for the said work in the Financial Year 2008-09 are Rs. 85,08,500/- for which utilization certificate for Rs. 83,15,410/- has been received from Public Work Department to the company. The Utilization Certificate for balance amount of Rs. 1,93,090/- is still awaited from Public Work Department.

10) NHAI entrusted aggregate funds of Rs.4,00,00,000 during financial year 2007-08 for the work of ROB on NH-41 across Digha Tamluk Railway Line of South Eastern Railway. Due to pendency of work this amount has been shown as Southern Eastern Railway (ROB Advance) in NOTE-6.

11) "Sundry Creditor-others" shown under current liabilities includes amount of Rs. 61,74,666 on account of Building & Welfare Education Cess payable to West Bengal Government recovered from the contractor during the construction period out of which Rs. 26,87,449 are paid on behalf on CWHEC-HCIL(JV) with reference to The Building & Other Construction Workers' Welfare Cess Act. Rs. 6,42,410/- deducted from the bill of DRAIPL, new contractor. Thus, Rs. 41,29,627/- still remains to be paid on this account. Also no provision of interest has been made on this account. The amount of which is not ascertainable..

12) The company had deducted the royalty of Rs. 1,70,85,624/- from the previous contractor's bill in the financial year 2007-08 but it is still not deposited by the company as the amount has been disputed by the contractor in the Arbitration Tribunal. Also, the Government Department has not claimed any royalty.

13) Toll collection of the CHPRCL package has been started w.e.f 09.03.2014, 2013. As the Sonepetiya Toll Plaza of CHPRCL project has been notified in the Gazzette of India and toll collection is being remitted to Consolidated Fund of India. Hence, no revenue of the toll collection has been shown in the accounts of the company.

14) The Board vide its meeting dated has decided to transfer all the CWIP pertaining to HPL Link Road to HDA. The amount of Capital Expenditure along with interest and other charges shall be recoverable from HDA in 25 annual installments. The final amount of said amount recoverable from HDA is still under process and has been shown under CWIP.

15) No provision has been made for the amount claimed by HDA towards median plantation for the stretch NH-41 amounting to Rs. 1,16,86,738/- as the Board did not approve the same in its meeting dated 21.09.2012.

16) There are no deferred tax assets or liability as envisaged by accounting standard-22 -Accounting for Taxes on Income.

17) No provision has been made for gratuity, leave encashment and other retirement benefits to company's employees since company has not employed its own staff but the staff is from NHAI. Hence, AS-15 on retirement benefits to employees is not applicable.

18) Auditors' Remuneration Includes:

Particulars	**For the year ended 31.3.2014, 2013**	**For the year ended 31.3.2012**
Audit fee (Including Service Tax)	95,506/-	93,753/-
	95,506/-	93,753/-

19) Cash flow Statement: - Company is required to prepare Cash Flow Statement as though the company is not listed but it is a Level – 1 enterprises as per AS-3.

20) The company does not have on its record any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid / payable as required under the said Act is not ascertainable.

21) Previous year's figures have been regrouped rearranged and reclassified wherever deemed necessary.

22) Figures have been rounded off to nearest rupees.

Statement of Accounting Ratios **Annexure-VII**

PARTICULARS	**2017**	**2016**	**2015**	**2014**	**2013**
Earnings per share (Basic) (Diluted)	(1.09) (1.14)	(1.90) (1.90)	(1.78) (1.78)	(5.85) (5.85)	-
Return on net worth (%)	-17%	-52%	-32%	-150%	-
Net asset value per equity share (`)	6.52	3.62	5.52	3.90	9.74
Weighted average number of equity shares outstanding during the year / period (in crore)	18.36	15.66	7.65	6.92	6.92
Total number of share outstanding at the end of the year / period (in crore)	19.26	15.66	15.66	6.92	6.92
Debt Equity Ratio	3.02	6.61	4.24	13.35	5.24

Notes:

The ratios have been computed as below:

Earnings per Share (`)	=	Profit after tax / Number of equity shares at the end of the year.
Return on net worth (%)	=	Profit after tax / Net Worth at the end of the year.
Net asset value per equity share (Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year.
Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

CALCUTTA HALDIA PORT ROAD COMPANY LIMITED

Qualification/Emphasis of Matter paragraph to Auditors' Reports: **Annexure-VIII**

Year ending March 31, 2017

Basis for Qualified Opinion

1. No provision has been made for Rs 116.86 Lacs against work done by Haldia Development Authority for its work done for Median Plantation thereby understating the liability by same amount.

2. In respect of Note no 23 of financial statement, CHPRCL had to allot equity shares to KoPT within 60 days, in respect of land valuing Rs 29,45,55,486 in accordance with provision of Companies Act 2013. However, the same are pending for allotment for more than 60 days.

Year ending March 31, 2016

NIL

Year ending March 31, 2015

Basis for Qualified Opinion

1. The Board had decided to merge the assets and liabilities of the Company with NHAI thereby further compromising with the concept of 'going concern' in future.

2. No provision has been made for Rs 116.86 Lacs against work done by Haldia Development Authority for its work done for Median Plantation thereby understating the liability by same amount.

3. The atilcle XX of the concession agreement dated 22.09.2003 with NHAI provides that for payment of remuneration, cost and expenses of the Independent consultant shall be paid by NHAI and the company shall reimburse 50% of the said expenses. The supervision consultant appointed by the company shall also act as an independent consultant. However, the company has paid all such expenses since inception and not recovered 50% share from NHAI. This has resulted in overstatement of expenses and understatement of current assets to that extent the amount is indeterminable.

4. The Company has not made any provision against impairment of assets in violation of provisions of AS-28, "Impairment of Assets" issued by ICAI. The amount is indeterminable.

5. The Company had wrongly capitalized the amount of custom duty relating to two imported pavers amounting to Rs 2,59,41,721/-. However, these pavers are not owned by the Company. This has resulted in overstatement of depreciation and fixed assets and understatement of current assets and net loss to the extent applicable.

Year ending March 31, 2014

Basis for Qualified Opinion

1. The board had decided to merge the assets and liabilities of the company with NHAI thereby further compromising with the concept of 'going concern' in future.

2. No provision has been made for Rs. 116.86 lacs against work done by Haldia Development Authority for its work done for Median Plantation thereby understating the liability by same amount.

3. The article XX of the concession agreement dated 22.9.2003 with NHAI provides that for payment of remuneration, cost and expenses of the Independent consultant shall be paid by NHAI and the company shall reimburse 50% of the said expenses. The supervision consultant appointed by the company shall also act as an independent consultant. However, the company has paid all such expenses since inception and not recovered 50% share from NHAI. This has resulted in overstatement of expenses and understatement of current assets to that extent the amount is indeterminable.

4. The total income recognized includes Rs. 1,86,45,977 which relates to the previous financial year and should have been classified as prior period income as per the disclosure requirements of Schedule VI of Companies Act, 1956.

i. Preliminary expenses written off amounting to Rs. 45,14,670 should be written off as prior period items since they were incurred before the FY 2013-14 and should have been written off as and when incurred.

ii. The company ahs not made any provision against impairment of assets in violation of provision of AS-28, “Impairment of Assets” issued by ICAI. The amount is indeterminable.

iii. The company had wrongly capitalized the amount of custom duty relating to two imported pavers amounting to Rs. 2,59,41,721/-. However, these pavers are not owned by the company. This has resulted in overstatement of depreciation and fixed assets and understatement of current assets and net loss to the extent applicable.

Year ending March 31, 2013

Basis for Qualified Opinion

1. The operations of toll plaza at Sonpatya commenced the collection of toll with effect from 9th March 2013. The project has been substantially completed and had also been certified by the Supervising consultant, indicating that the business operations have duly commenced. However the company has not recognized. The said collection as its income.-In fact the said collection has directly been paid to the Government. This has resulted in understatement of income by Rs. 184.45 Lacs.

2. The company has not charged its expenditures incurred, after commencement of business operations, to the profit and loss account and has classified the said amount as preoperative expense which in turn has been transferred to Capital Work in progress. This is violation of AS-9 "Revenue Recognition” and has distorted the correct presentation of profit and loss account and balance sheet. The said amount is indeterminable as no separate records are kept by the company.

3. The company has not transferred its capital WIP to Fixed Assets in spite of the commencement of business operations with effect from 9th March 2013 resulting in understatement of amount of fixed assets and over statement of capital WIP to that extent. The amount of said capital WIP to be capitalized to fixed assets is still indeterminable due to non-availability of complete records with the company.

4. No depreciation has been charged due to non-transfer of capital WIP to fixed assets. The impact on profit and loss account and balance sheet is indeterminable.

5. Please refer to Revised Note No. 9 of financial statements relating to capital W1P which includes the capital WIP pertaining to HPL Link Road project which should have been transferred to Haldia Development Authority. The respective amount of expenditure is to be recovered from HDA along with interest and other direct expenses. The company has not recognized the said transactions thereby affecting the amount of capital WIP, recoverable assets, income from interest and other income. The impact of the same is indeterminable due to non-availability of complete data with the company.

6. With reference to the Revised Note No.1 to the Notes to Accounts forming part of the financial statements the company has shown off Rs.1544.67 as contingent liability. However the Arbitration Tribunal has passed awards against the company for an amount off Rs. 174.04 crores excluding interest which should be shown at the footnote of the Balance Sheet as per revised Schedule VI. No provision has been made by the company against the said awards. This has resulted in understatement of liability to that extent.

7. The provision for audit fee is short by Rs.30, 000 excluding service tax.

8. No provision has been made for Rs. 116.86 Lacs against work done by Haldia Development Authority for its work done for Median Plantation thereby understating the liability by same amount.

9. The article XX of the concession agreement dated 22.9.2003 with NHAI provides that for payment of remuneration, cost and expenses of the Independent consultant shall he paid by NHAI and the company shall reimburse 50% of the said expenses. The supervision consultant appointed by the company shall also act as an independent consultant. However, the company has paid all such expenses since inception and not recovered 50% share from NHAI. This has resulted in overstatement of expenses and understatement of current assets to that extent the amount is indeterminable.

10. The Board had decided to merge the assets and liabilities of the company with NHAI thereby compromising with the concept of 'going concern' in future.

INDEPENDENT AUDITOR'S REPORT

The Board of Members

NATIONAL HIGHWAY AUTHORITY OF INDIA

G-5&6, Sector-10, Dwarka, New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF CHENNAI ENCORE PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), IN THE FINANCIAL YEAR 2018-2019 ("ISSUE").

1. We have examined the reformatted financial information of C**hennai Encore Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Bharatmala Bonds /Auditor/2018-19 dated September 6, 2018, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2017, 2016, 2015, 2014 and 2013, which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2016-17	Ajay K. Jain & Co
2015-16	Ajay K. Jain & Co
2014-15	Kumar Sharma & Co.
2013-14	Kumar Sharma & Co.
2012-13	Kumar Sharma & Co.

We have placed reliance on the audit reports of these auditors for the respective years.

2. Management's Responsibility

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted

financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Schedule III of the Companies Act, 2013.

3. **Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013,and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. **Financial Information as per Audited Financial Statements**

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2013 to 31st March, 2017 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Schedule III of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2017. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

iv. The Company has not declared any dividends for each of the years ended 31st March 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013.

v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 which are reproduced in Annexure VIII.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, adjustments of amounts pertaining to mathematical accuracy and adjustment of amounts arising out of auditor's qualifications.

6. Other Reformatted Financial Information of the Company:

At the company's request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in

connection with the proposed issue of Bonds of the Authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

For PSMG & Associates

Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner

Membership No- 098358

Date: 25 September 2018
Place: Ghaziabad

CHENNAI ENNORE PORT ROAD COMPANY LIMITED

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rs in Lakhs)

Particulars	Notes	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
I. EQUITY AND LIABILITIES						
(1) Shareholder's Funds						
(a) Share Capital	1	37180.00	34360.00	34360.00	33680.00	33680.00
(b) Reserves and Surplus	2	211.83	127.55	-0.94	-	-
(2) Share application money pending allotment	3	0.00	2820.00	2820.00	3500.00	1016.00
(3) Non-Current Liabilities						
(a) Long-Term Borrowings	4	3593.50	3303.61	4466.52	0.00	0.00
(b) Other Long Term Liabilities	5	0.00	136.30	398.13	85.20	1012.77
(4) Current Liabilities						
(a) Trade Payables	6	291.65	582.17	1426.19	1162.89	0
(b) Other Current Liabilities	7	3352.92	3240.94	402.41	1108.42	876.47
(c) Short-Term Provisions	8	61.35	63.47	0.00	28.33	34.69
TOTAL		**44691.27**	**44634.04**	**43872.30**	**39564.84**	**36619.93**
II. ASSETS						
(1) Non-Current Assets						
(a) Fixed Assets	9					
(i) Tangible		1.61	2.24	4.08	6.87	7.55
(ii) Capital Work in Progress	10	40793.95	41728.10	40267.11	32818.29	25710.71
(b) Long term loans and advances	11	0.96	0.73	1195.66	1164.39	3938.22
(c) Other non-current assets	12	71.15	71.15	128.54	71.84	71.84
(2) Current Assets						
(a) Cash and Bank Balances	13	1556.68	719.75	2239.36	299.92	1035.76
(b) Short-term loans and advances	14	1928.88	1983.58	6.48	5183.30	5849.40
(c) Other current assets	15	338.04	128.49	31.08	20.24	6.46
TOTAL		**44691.27**	**44634.04**	**43872.30**	**39564.84**	**36619.93**

CHENNAI ENNORE PORT ROAD COMPANY LIMITED

REFORMATTED STATEMENT OF PREOPERATIVE EXPENDITURE

(Rs in Lakhs)

Particulars	Notes	31st March 2017	31st March 2016	31st March 2015	31st March 2014	31st March 2013
Pre-Operative Income:	-					
Revenue from operations						
Other Income	16	119.86	73.26	130.66	113.76	153.55
Interest on FDR		47.18	0.00	0.00	0.00	0.00
Interest on IT Refund		5.08	0.00	0.00	0.00	0.00
TOTAL		**172.12**	**73.26**	**130.66**	**113.76**	**153.55**
Pre-Operative Expenses:	-					
Employee Benefit Expense	17	10.66	10.44	7.71	6.33	3.74
Depreciation	18	0.64	1.83	2.23	0.69	0.69
Finance Cost	19	322.10	343.91	144.24	1.01	0.00
Other Administrative Expenses	20	9.06	10.38	25.04	4.56	116.85
TOTAL		**345.76**	**366.56**	**179.22**	**12.57**	**121.28**
Pre-Operative Income/(Expenditure) before exceptional and extraordinary items and tax		**-345.76**	**-293.30**	**-48.57**	**101.19**	**32.26**
Exceptional and Extraordinary items		0.00	0.00	0.00	0.00	0.00
a). Prior Period Income		0.00	0.00	0.00	0.00	25.82
b). Prior Period Expenses		0.00	0.00	0.00	0.00	0.00
Pre-Operative Income/ (Expenditure) before tax		**-345.76**	**-293.30**	**-48.57**	**101.19**	**58.08**
Tax expense:	-					
Current tax		0.00	0.00	42.39	28.33	34.69
Previous Years		0.00	0.54	0.00	8.46	0.04
Pre-Operative Income / (Expenditure) After Tax for the Year		**-345.76**	**-293.84**	**-90.96**	**64.39**	**23.35**
Brought Forward from last year		**153.06**	**446.90**	**537.86**	**473.46**	**450.11**
Closing Balance Carried over to Capital Work in Progress		**-192.70**	**153.06**	**446.90**	**537.86**	**473.46**

CHENNAI ENNORE PORT ROAD COMPANY LIMITED			
REFORMATTED STATEMENT OF PROFIT AND LOSS			
			(Rs in Lakhs)
Particulars	**Notes**	**As at 31st March 2017**	**As at 31st March 2016**
Revenue from operations:			
Interest on FDR		119.86	
Interest on IT Refund		47.18	
Other Income		5.08	191.95
TOTAL		**172.12**	**191.95**
Expenses:			
TOTAL		**0.00**	**0.00**
Prior Period Income		.53	
Profit / (Loss) for the year before tax		**172.65**	**191.95**
Tax expense:	-		
Current tax		61.35	63.47
Previous Years		27.01	0.00
Profit / (Loss) After Tax for the Year		**84.28**	**128.49**
Closing Balance Carried over to Reserve & Surplus		**84.28**	**128.49**
Earning Per Share Basic Diluted		 0.02 0.02	 0.04 0.04

CHENNAI ENNORE PORT ROAD COMPANY LIMITED

REFORMATTED CASH FLOW STATEMENT **(Rs in Lakhs)**

Particulars	31st March 2017	31st March 2016	31st March 2015	31st March 2014	31st March 2013
CASH FLOW FROM OPERATING ACTIVITIES					
Profit Before Tax	172.65	191.95	0.00	-	-
Adjustment for:					
Depreciation	0.00	0.00	2.23	0.69	0.69
Retrospective Adjustment of Depreciation	0.00	0.00	0.00	0.00	(1.26)
Operating Profit Before Working Capital Change	**172.65**	**191.95**	**2.23**	**0.69**	**(0.57)**
Increase/(Decrease) In Current Liabilities	(269.01)	1,596.39	(158.12)	460.91	(27.96)
(Increase) /Decrease In Loans & Advances	(123.45)	(781.50)	5,145.55	3,439.93	(793.63)
(Increase)/Decrease In Other Current Asset	(31.40)	(40.03)	(10.84)	(13.78)	(3.91)
Net Cash From Operating Activities	**(251.21)**	**966.82**	**4,978.82**	**3,887.05**	**(826.07)**
CASH FLOW FROM INVESTING ACTIVITIES					
Increase in Capital Work In Progress	934.15	(1,460.98)	(7,448.82)	(7,107.58)	(13,090.89)
Increase in Fixed Assets	(0.24)	(0.68)	(0.37)	-	3,000.00
Increase in Other Current Assets	0.64	1.83	(56.70)	0.00	0.00
Net Cash Flow From Investing Activities	**934.55**	**(1,459.83)**	**(7,505.90)**	**(7,107.58)**	**(10,090.89)**
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from Unsecured Loans	153.59	(1,026.61)	4,466.52	-	-
Proceeds from Share Capital/Application	(2,820.00)	0.00	(680.00)	2,484.00	(3,799.00)
Increase/(Decrease) In Share Capital	2,820.00	-	680.00	-	15,600.00
Net Cash Flow From Financing Activities	**153.59**	**(1,026.61)**	**4,466.52**	**2,484.00**	**11,801.00**
Net Increase /(Decrease) in cash and cash equivalent during the year	836.93	(1,519.62)	1,939.44	(735.84)	884.04
Cash and cash equivalent at the beginning of the year	719.75	2,239.36	299.92	1,035.76	151.72
Cash and cash equivalent at the end of the year.	**1,556.68**	**719.75**	**2,239.36**	**299.92**	**1,035.76**
Cash & Cash Equivalent					
Cash in Hand	0.03	0.04	0.08	0.07	0!
Balances with Schedule Banks in Current account:					
Canara Bank	20.22	5.66	6.73	7.12	7.21
Syndicate Bank	17.28	49.49	7.55	7.72	128.55
Deposit with Syndicate BanK	275.00	661.53	2,225.00	285.00	900.00
Deposit with Canara Bank	1,225.00	0.00	0.00	0.00	0.00
Interest accrued on deposits	19.15	3.02	0.00	0.00	0.00
	1,556.68	**719.75**	**2,239.36**	**299.92**	**1,035.76**

Chennai Ennore Port Road Company Limited

NOTES ANNEXED TO AND FORMING PART OF REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Rs in Lakhs

		31st March 2017		**31st March 2016**		**31st March 2015**		**31st March 2014**		**31st March 2013**	
1	**<u>SHARE CAPITAL</u>**	-	-	-	-	-	-	-	-	-	-
	<u>Authorised Capital</u>	-		-		-		-		-	
	37,20,00,000 Equity Shares (Previous Year 37,20,00,000) of Rs. 10/- each	37200		37200		37200		37200		37200	
	<u>Issued, Subscribed & Paid up Capital</u>	-	-	-	-	-	-	-	-	-	-
	34,36,00,007 Equity Shares (Previous year 33,68,00,007)										
	of Rs. 10/- each fully paid up	37180		34360		34360		33680		33680	
	Reconciliation of the number and amount of Shares Capital	**No. of Shares**	**Rs in Lakhs**	**No. of Shares**	**Rs in Lakhs**	**No. of Shares**	**Rs in Lakhs**	**No. of Shares**	**Rs in Lakhs**	**No. of Shares**	**Rs in Lakhs**
	At the beginning of the Year	3436	34360	3436	34360	3368	33680	3368	33680	1808	18080
	Fresh issue of shares during the year	282	2820	0	0.0	68	680	0	0.0	1560	15600
	Equity Shares at the end of the year	**3718**	**37180**	**3436**	**34360**	**3436**	**34360**	**3368**	**33680**	**3368**	**33680**
	The Compnay has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held.										
		31st March 2017		**31st March 2016**		**31st March 2015**		**31st March 2014**		**31st March 2013**	
	Shareholers holding more than 5% of the paid up capital	**No. of Shares**	**% of Holding**	**No. of Shares**	**% of Holding**	**No. of Shares**	**% of Holding**	**No. of Shares**	**% of Holding**	**No. of Shares**	**% of Holding**
	National Highway Authority of India (with its Nominees)	1398	38	1398	41	1398	41	1398	42	1398	41
	Chennai Port Trust	1398	38	1398	41	1398	41	1370	41	1370	41
	Govt. of Tamilnadu	582	16	300	9	300	9	300	9	300	9
	Ennore Port Trust	340	9	340	10	340	10	300	9	300	9
	Aggregate number of shares without payment being received in Cash :	**<u>No. of Shares</u>**		**<u>No. of Shares</u>**		**<u>No. of Shares</u>**		**<u>No. of Shares</u>**		**No. of Shares**	
	<u>Equity Shares with voting rights</u>										
	Fully paid up pursuant to contract without payment being received in cash are held by Govt. of Tamilnadu (Share issued for a consideration other than cash)	300		300		300		300		300	

Chennai Ennore Port Road Company Limited

NOTES ANNEXED TO AND FORMING PART OF REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Rs in Lakhs

	31st March 2017	31st March 2016	31st March 2015	31st March 2014	31st March 2013
2- Reserves And Surplus					
Surplus / (Deficit) in Statement of Profit and Loss					
Opening Balance	127.55	-0.94	0.00	0.00	0.00
Add: Transferred From Surplus in Statement of Profit and Loss	84.28	128.49	0.00	0.00	0.00
Add: Adjustment as per Schedule II of the Companies Act, 2013	0.00	0.00	-0.94	0.00	0.00
Less: Transfer from Reserves & Surplus	0.00	0.00	0.00	0.00	0.00
Closing Balance	**211.83**	**127.55**	**-0.94**	**0.00**	**0.00**
3- SHARE APPLICATION MONEY PENDING ALLOTEMENT					
Ennore Port Trust	0.00	0.00	0.00	400.00	0.00
Chennai Port Trust	0.00	0.00	0.00	280.00	0.00
Govt. of Tamilnadu	0.00	2820.00	2820.00	2820.00	1016.00
	0.00	0.00	0.00	0.00	0.00
Total	**0.00**	**2820.00**	**2820.00**	**3500.00**	**1016.00**
4- LONG TERM BORROWINGS	**-**				
Unsecured, Considered Good					
Loan & Advances from Related Parties	-				
National Highway Authority of India	3593.50	3303.61	4466.52	0.00	0.00
Total	**3593.50**	**3303.61**	**4466.52**	0.00	0.00
5- OTHER LONG TERM LIABILITIES	**-**				
Advance Ground Rent Received	0.00	136.30	0.00	0.00	0.00
Bank Guarantee Invocation	0.00	0.00	81.43	81.43	81.43
Other Liabilities	0.00	0.00	3.77	3.77	3.77
M/s. Tamil Nadu Slum Clearance Board	0.00	0.00	292.00	0.00	0.00
M/s TNRDC	0.00	0.00	20.62	0.00	0.00
M/s. CDM Smith India Pvt Ltd	0.00	0.00	0.31	0.00	0.00
Costal SPL JV	0.00	0.00	0.00	0.00	927.57
Total	**0.00**	**136.30**	**398.13**	**85.20**	**1012.77**

6- TRADE PAYABLES					
Contractor & Consultants	291.65	582.17	1426.19	1162.89	0
Total	**291.65**	**582.17**	**1426.19**	**1162.89**	**0**
7- OTHER CURRENT LIABILITIES					
Bank Guarantee Invocation	0.00	81.43	0.00	0.00	0.00
Other Liabilities	2.30	0.00	0.00	0.00	0.00
M/s. Tamil Nadu Slum Clearance Board	111.00	111.00	0.00	0.00	0.00
Tamil Nadu Road Development Company (TNRDC)	73.28	33.73	0.00	0.00	0.00
M/s. CDM Smith India Pvt Ltd	0.31	0.31	0.00	0.00	0.00
Auditor Remuneration Payable	1.81	1.30	0.87	0.86	0.86
TDS Payable	45.48	58.50	34.56	14.42	20.20
Withheld of supervision consultancy	0.00	0.00	0.00	-	64.29
Workers Welfare Cess	0.00	0.00	2.90	0.00	0.00
Advance Ground Rent Received	187.80	75.47	348.14	149.56	55.92
Service Tax Payable	69.51	16.62	0.00	0.00	0.00
CalcattaHaldia Port Road Company Limited	0.53	0.00	0.00	0.00	0.00
Mumbai JNPT Port Road Company Limited	1.77	0.07	0.00	0.00	0.00
Paradip Port Road Company Limited	1.70	0.04	0.00	0.00	0.00
M/s. Tamil Nadu Slum Clearance Board	0.00	0.00	0.00	292.00	-
Advacne Against Deposit work	0.00	2853.45	0.00	0.00	0.00
M/s CPCL	2489.84	0.00	0.00	0.00	0.00
MS Ashoka St Electrical Consortium	363.61	0.00	0.00	0.00	0.00
Retention Money-Costal SPL JV	0.00	0.00	0.00	635.09	691.38
Liability from related party(NHAI)	3.99	9.03	0.00	0.00	0.00
Others	0.00	0.00	15.94	16.49	4.17
TOTAL	**3352.92**	**3240.94**	**402.41**	**1108.42**	**876.47**
8- SHORT TERM PROVISIONS					
Provision for Income Tax	61.35	63.47	0.00	28.33	34.69
TOTAL	**61.35**	**63.47**	**0.00**	**28.33**	**34.69**

Chennai Ennore Port Road Company Limited

NOTES ANNEXED TO AND FORMING PART OF REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

9 - FIXED ASSETS

Rs in Lakhs

Sl. No.	Particulars	Net Block				
		As on 31.03.2017	As on 31.03.2016	As on 31.03.2015	As on 31.03.14	As on 31.03.13
a	Computer	0.02	0.02	0.02	0.70	0.99
b	Furniture & Fixture	1.39	1.74	2.09	2.46	2.65
c	Office Equipment's	0.20	0.49	1.97	3.70	3.91
	Total	**1.61**	**2.24**	**4.08**	**6.87**	**7.55**

Chennai Ennore Port Road Company Limited

NOTES ANNEXED TO AND FORMING PART OF REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Sl No.	Particulars	31st March 2017	31st March 2016	31st March 2015	31st March 2014	31st March 2013
	10- CAPITAL WORK IN PROGRESS					
	Capital Work in Progress at Site office	40601.25	41881.16	40714.01	33356.15	26184.17
	Un-allocated Pre Operative Expenditure	192.70	-153.06	-446.90	-537.86	-473.46
		40793.95	**41728.10**	**40267.11**	**32818.29**	**25710.71**
	11- LONG TERM LOANS AND ADVANCES					
	Unsecured and Considered good					
	Capital Advances for Deposit work	0.00	0.00	1084.86	1080.50	3881.87
	Security Deposit	0.96	0.73	0.05	0.05	0.05
	Recoverbale from NHAI	0.00	0.00	0.00	0.00	0.00
	Advance Income Tax / TDS Receivable	0.00	0.00	110.76	83.84	56.31
	TOTAL	**0.96**	**0.73**	**1195.66**	**1164.39**	**3938.22**
	12- OTHER NON CURRENT ASSETS					
	Unamortised expenses					
	Preliminary Expenses	71.15	71.15	71.15	71.15	71.15
	Unsecured and Considered good					
	Recoverable from Engineering Projects	0.00	0.00	0.69	0.69	0.69
	Recoverable from Chennai Petrolium Corp. Ltd.	0.00	0.00	56.70	0.00	0.00
	TOTAL	**71.15**	**71.15**	**128.54**	**71.84**	**71.84**

13- CASH AND BANK BALANCES					
Cash and cash Equivalent					
Cash in Hand	0.03	0.04	0.08	0.07	-
Balances with Schedule Banks in Current account:					
Canara Bank	20.22	5.66	6.73	7.12	7.21
Syndicate Bank	17.28	49.49	7.55	7.72	128.55
Fixed Deposit with Canara Bank					
Deposit with Syndicate Bank	275.00	661.53	2225.00	285.00	900.00
Deposit with Canara Bank	1225.00	0.00	0.00	0.00	0.00
Interest accrued on deposits	19.15	3.02	0.00	0.00	0.00
TOTAL	**1556.68**	**719.75**	**2239.36**	**299.92**	**1035.76**
14- SHORT TERM LOANS & ADVANCES					
Unsecured, Considered Good					
Loans & Advances to related parties (NHAI)	0.00	6.90	6.48	5183.30	5215.72
Mobilisation Advance (Recoverd) - Coastal Spl JV	0.00	0.00	0.00	-	633.68
Advances for Deposit work	903.86	0.00	0.00	0.00	0.00
Recoverbale from NHAI	0.00	903.86	0.00	0.00	0.00
Advance Income Tax / TDS Receivable	0.00	178.15	0.00	0.00	0.00
Other Deposit	1025.03	894.68	0.00	0.00	0.00
TOTAL	**1928.88**	**1983.58**	**6.48**	5183.30	5849.40
15- OTHER CURRENT ASSETS					
Unsecured and Considered good					
Recoverable from Engineering Projects	0.69	0.69	0.00	0.00	0.00
Recoverable from Chennai Petrolium Corp. Ltd.	171.00	98.73	0.00	0.00	0.00
Recoverable from Manali Petro.	0.00	13.55	0.00	0.00	0.00
Interest accrued on deposits	0.00	0.00	15.60	0.32	2.59
Other Advances	0.00	0.00	0.00	4.47	3.87
Recoverable from JIO	16.50	0.00	0.00	0.00	0.00
Recoverable from KTV Oil	3.22	0.00	0.00	0.00	0.00
Recoverable from IMC Limited.	15.45	15.45	0.00	0.00	0.00
Other Receivable	0.00	0.00	15.45	15.45	-
Advance AMC for Tally	129.63	0.00	0.03	0.00	0.00
Service Tax Credit Receivable	1.48	0.00	0.00	0.00	0.00
Prepaid Expenses	0.07	0.07	0.00	0.00	0.00
TOTAL	**338.04**	**128.49**	**31.08**	**20.24**	**6.46**

Chennai Ennore Port Road Company Limited

NOTES ANNEXED TO AND FORMING PART OF REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rs in Lakhs)

Sl No	Particulars	31st March 2017	31st March 2016	31st March 2015	31st March 2014	31st March 2013
	16-Other Income	-				
	Interest on FDR	0.00	73.26	71.74	-	66.15
	Interest on Mobilization Advance	0.00	0.00	0.00	22.09	46.63
	Ground Rental Income	0.00	0.00	58.92	31.36	8.34
	Sale of Tender Documents	0.00	0.00	0.00	1.71	-
	Interest on unutilised Capital	0.00	0.00	0.00	58.60	32.42
		0.00	0.00	0.00	0.00	0.00
	TOTAL	**0.00**	**73.26**	**130.66**	**113.76**	**153.55**
	17- EMPLOYEMENT BENEFIT EXPENSES					
	Salaries & Wages	10.63	10.41	7.71	6.33	3.74
	Other Staff Welfare Expenses	0.03	0.03	0.01	0.00	0.00
	TOTAL	**10.66**	**10.44**	**7.71**	**6.33**	**3.74**
-	**18- DEPRICIATION & AMORTISATION EXPENSES**					
	Depreciation	0.00	1.06	1.06	0.00	0.00
	TOTAL	**0.00**	**1.06**	**1.06**	**0.00**	**0.00**
	19- FINANCE COST	-				
	Interest On Sub Debt From NHAI	322.10	343.91	144.24	0.00	0.00
		322.10	**343.91**	**144.24**	**0.00**	**0.00**
	20- ADMINISTRATIVE EXPENSES					
	Entertainment Expenses	0.00	0.01	0.01	0.00	0.00
	Electricity & Water Charges	0.00	0.00	0.02	0.00	0.00
	Conveyance Expenses	0.00	0.01	0.02	0.02	0.03
	Travelling Expenses	0.38	0.11	0.03	0.49	0.00
	Stamp Duty fees	0.00	0.00	21.77	0.00	12.37

	Security Expenses	0.59	0.00	0.00	0.00	0.00
	Bank Charges	0.05	0.80	0.00	0.00	0.02
	Maintenance of Highways Expenses	0.00	5.57	0.00	0.00	0.00
	Newspaper and Periodicals	0.02	0.00	0.00	0.00	0.00
	Legal and Professional Expenses	3.49	0.47	0.47	0.33	0.26
	Repair & Maintenance	0.07	0.05	0.04	0.00	0.00
	Filling and ROC Expenses	0.55	0.10	0.15	0.27	101.59
	Security Expesnes	0.02	0.05	0.00	0.00	0.08
	Printing and Stationery Expenses	0.00	0.00	0.07	0.01	0.01
	Auditors Remuneration - Statutory Audit Fees cum Service Tax	1.50	1.38	0.96	0.96	0.96
	- Out of Pocket Expenses	0.70	0.76	0.69	0.91	0.71
	- Internal Audit Fees	0.83	0.83	0.83	0.83	0.83
	Advertisement & Publicity	0.00	0.00	0.00	0.00	0.00
	Government Audit Expense	0.40	0.00	0.00	0.75	0.00
	Preliminary Expenses written off	0.00	0.25	0.00	0.00	0.00
	Director Sitting fees	0.46	0.00	0.00	0.00	0.00
	TOTAL	**9.06**	**10.38**	**25.04**	**4.56**	**116.85**

SIGNIFGICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS THE YEAR (FY 16-17), (FY 15-16), (FY 14-15), (FY 13-14) and (FY 12-13)

Background

The company has been set up to develop, establish, construct, operate and maintain a project relating to the construction, operation and maintenance of the Chennai-Ennore port connectivity project under the "Build-Operate-Transfer" (BOT) Basis. A concession Agreement between the company and the National Highways Authority of India/Chennai port Trust has conferred the right to the Company to implement the project and levy toll/user charges over the concession period after completion of construction.

1. **Significant Accounting Polices**

1.1 **Basis of Accounting (2016-17) (2015-16)**

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting as the Company had commenced few commercial operations; Profit and Loss Account for the year has been prepared. Information required to be furnished by the Company in accordance with Schedule III forming part of the Companies Act, 2013 has been disclosed.

Basis of Accounting (2014-15)

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting. As the Company had not commenced commercial operations; Profit and Loss Account for the year has not been prepared. Information required to be furnished by the Company in accordance with Schedule III forming part of the Companies Act, 2013 has been disclosed in statement of Preoperative Income & Expenditure forming part of accounts and to the extent applicable, in these Notes forming part of the Accounts.

Basis of Accounting (2013-14) (2012-13)

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting. As the Company had not commenced commercial operations; Profit and Loss Account for the year has not been prepared. Information required to be furnished by the Company in accordance with Schedule II of schedule VI forming part of the Companies Act, 1956 has been disclosed in statement of Preoperative Expenditure forming part of accounts to the extent applicable.

1.2 Fixed Assets (FY 16-17) (FY 15-16) (FY 14-15) (FY 13-14) and (FY 12-13)

Fixed assets, other than project assets, are stated at their original cost of acquisition including expenses relating to the acquisition and installation of the assets.

1.3 **Depreciation (FY 16-17) (FY 15-16)**

Depreciation on fixed assets (other than project assets) is provided on the Straight Line Method as prescribed by Schedule II to the Companies Act, 2013. Residual Value of assets has been taken @1% of the asset.

Project Assets comprising of Toll Road is constructed on land granted by the Tamil Nadu Government which will be amortize, on completion of the project, over the remaining period of agreement with NHAI on pro-rata basis.

Depreciation (FY 14-15)

Depreciation on fixed assets (other than project assets) is provided on the Straight Line Method as prescribed by Schedule II to the Companies Act, 2013.

Project Assets comprising of Toll Road is constructed on land granted by the Tamil Nadu Government which will be amortize, on completion of the project, over the remaining period of agreement with NHAI on pro-rata basis.

Depreciation (FY 13-14) (FY 2012-13)

Depreciation on fixed assets (other than project assets) is provided on the Straight Line Method as prescribed by Schedule XIV to the companies act, 1956.

Project Assets comprising of Toll Road is constructed on land granted by the Tamil Nadu Government which will be amortize, on completion of the project, over the remaining period of agreement with NHAI on pro-rata basis.

1.4 **Leases (FY 16-17) (FY 15-16) (FY 14-15) (FY 13-14) and (FY 12-13)**

Leases payments under an operating leases are recognized as an expense in the Preoperative Expenditure Account on a periodic basis over the period of lease.

1.5 **Provisions, Contingent Liabilities and Contingent Assets**

Provisions (FY 16-17) (FY 15-16) (FY 14-15) (FY 13-14) and (FY 12-13)

A provision is created when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount can be made of the amount of the obligation.

Provisions are determined based upon management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent Liabilities (FY 16-17) (FY 15-16) (FY 14-15) (FY 13-14) and (FY 12-13)
No provision is recognized for liabilities where future outcome cannot be ascertained with reasonable certainty. Such liabilities are treated as contingent and disclosed by way notes to Accounts.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets (FY 16-17) (FY 15-16) (FY 14-15) (FY 13-14) and (FY 12-13)
Contingent Assets are neither recognized nor disclosed in the financial statements of the company.

1.6 **Miscellaneous expenditure (FY 16-17) (FY 15-16) (FY 14-15)**
Preliminary expenses will be written off in the statement of profit & loss on commissioning of the project and commencement of commercial activities in accordance with para 56 of Accounting Standard-26 “Intangible Assets”.

Miscellaneous Expenditure (2013-14) (2012-13)
The miscellaneous expenditure will be amortised over a period of five years on commissioning of the project and commencement of commercial activities.

Notes to the Accounts: (2016-17)

a) Expenditure incurred in connection with the project i.e. pre-operative expenditure pending allocation to fixed assets on commissioning of the project is included in Capital work in progress,Pre-operative expenditure for the year ended 31.03.2017 includes Rs.9,09,904/- accounted based upon the statement of account provided by NHAI, which has been incurred by NHAI on behalf of the Company. Since NHAI, parent organization of the company has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of account provided by them.
As per the arrangement with NHAI, 75% of the actual salary & establishment expenses of the company have been borne by NHAI by debiting the account.

b) Contingent Liabilities
Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc. amounting to Rs.71.17 crores (Previous year Rs.59.15 crores).

c) All the directors of company are nominees of National Highways Authority of India, the parent organization and other Government bodies. No payment has been made to them as salary/allowance or otherwise except Rs.40,000/- paid as Director sitting fees.

d) Disputed matter with M/s. RDS projects Ltd. has been closed on 15/03/2016 due to appeal filled by the Company in division bench was dismissed. Liability of Rs.81,42,818/- towards Bank Guarantee Invocation has been adjusted with CWIP.

e) In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned. The company has not received any confirmation form its debtors/vendor/service providers relating to amounts receivable/unpaid as at the year end.

f) Auditor's Remuneration includes:-

Particulars	For the year Ended 31.03.2017	For the year Ended 31.03.2016
Audit fees (Excluding Service Tax)	1,30,000/-	1,30,000/-
Tax Audit fees (Excluding Service Tax)	35,000/-	35,000/-

g) Provision for Deferred Tax as per Accounting Standard -22 issued by ICAI has not been made as main project has not been started till 31.03.2017

h) No provision has been made for Gratuity, Leaves Encashment and other Retirement Benefits to company's employee as per AS-15, since the company does not have any employee of its own as on date. Preoperative Expenditure includes salary and wages including payment of lease rent, medical reimbursement, LTC, staff welfare etc. of Staff on deputation from NHAI/Other Govt. departments.

i) The company being a Wholly State Owned Enterprise as defined under Accounting Standard-18 on Related Party Disclosures, no disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

j) As per approval of the board in its meeting a nominal rent of Rs.1/- for the FY 2016-17 payable to Chennai Port Trust has been provided as Lease Rent in the accounts.

k) No amount is payable to small-scale industrial undertaking under section 22 of the micro, small and medium enterprises development Act, 2006 as at 31st March, 2017 for more than 30 days in excess of 1,00,000/- (previous year Nil).

l) Balance under loans and advances, deposits, unsecured loans etc. are subject to confirmation and necessary adjustments, if any. The company has not received any confirmation from its debtors/vendors/service providers relating to amounts receivable/unpaid as at the year end.

m) Note on Demonetisation

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on November, 8 2016	-	2,734	2,734
(+) Permitted Receipts	-	-	-
(-) Permitted Payments	-	-	-
(-) Amount deposited in Bank	-	-	-
Closing cash in hand as on December, 30 2016	-	2,734	2,734

n) Paisas have been rounded off to nearest Rupee.

o) Previous years figures have been regrouped / rearranged wherever considered necessary.

<u>Notes to the Accounts:</u> (2015-16)

a) Expenditure incurred in connection with the project i.e. pre-operative expenditure pending allocation to fixed assets on commissioning of the project is included in Capital work in progress,
Pre-operative expenditure includes Rs.9,02,686/-(previous year Rs.7,11,090/-) accounted based upon the statement of account provided by NHAI, which has been incurred by NHAI on behalf of the Company. Since NHAI, parent organization of the company has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of account provided by them.
As per the arrangement with NHAI, 75% of the actual salary & establishment expenses of the company have been borne by NHAI by debiting the account.

b) Contingent Liabilities
Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc. amounting to Rs.59.15 crores (Previous year Rs.59.15 crores).

c) All the directors of company are nominees of National Highways Authority of India, the parent organization and other Government bodies. No payment has been made to them as salary/allowance or otherwise except Rs.25,000/- paid as Director sitting fees.

d) In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned. The company has not received any confirmation form its debtors/vendor/service providers relating to amounts receivable/unpaid as at the year end.

e) Auditor's Remuneration includes:-

Particulars	For the year Ended 31.03.2016	For the year Ended 31.03.2015
Audit fees (Excluding Service Tax)	85,000/-	85,000/-
Tax Audit fees	35,000/-	Nil

f) Provision for Deferred Tax as per Accounting Standard -22 issued by ICAI has not been made as main project has not been started till 31.03.2016

g) No provision has been made for Gratuity, Leaves Encashment and other Retirement Benefits to company's employee as per AS-15, since the company does not have any employee of its own as on date. Preoperative Expenditure includes salary and wages including payment of lease rent, medical reimbursement, LTC, staff welfare etc. of Staff on deputation from NHAI/Other Govt. departments.

h) The company being a Wholly State Owned Enterprise as defined under Accounting Standard-18 on Related Party Disclosures, no disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

i) As per approval of the board in its meeting a nominal rent of Rs.1/- for the FY 2015-16 payable to Chennai Port Trust has been provided as Lease Rent in the accounts.

j) As per information and explanation given to us, the company has no amounts payable to small -scale industrial undertakings as defined under section (3J) of industries development and regulation act 1951, as at 31st March 2016 for more than 30 days in excess of Rs 1,00,000/- (Previous Year – NIL)

k) Balance under loans and advances, deposits, unsecured loans etc. are subject to confirmation and necessary adjustments, if any. The company has not received any confirmation from its debtors/vendors/service providers relating to amounts receivable/unpaid as at the year end.

l) Paisas have been rounded off to nearest Rupee.

m) Previous years figures have been regrouped/ rearranged wherever considered necessary.

Notes to the Accounts: (2014-15)

a) Expenditure incurred in connection with the Project i.e. pre-operative expenditure pending allocation to fixed assets on commissioning of the Project is included in Capital Work in Progress,Pre-operative Expenditure includes Rs. 7,11,090/- (previous year Rs. 6,32,594/-) accounted based upon the statement of account provide by NHAI, which has been incurred by NHAI on behalf of the Company. Since NHAI, parent organization of the company has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of account provided by them.

As per the arrangement with NHAI, 75% of the actual salary & establishment expenses of company have been borne by NHAI by debiting the account.

b) Contingent Liabilities

Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc. amounting to Rs. 59.16 croroes (Previous Year Rs. 21.12 croroes)

c) All the directors of Company are nominees of National Highways Authority of India, the parent organization and other Government bodies. No payments has been made to them as salary/allowance or otherwise.

d) In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

e) Since there is no Profit/Loss for the year, Earning per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has not been given.

f) Pre-operative Expenditure includes Rs. 42,39,168/- being income tax provision on interest and other miscellaneous income for the Financial Year 2014-15 (Previous year Rs. 28,33,000/-)

g) Auditor's Remuneration includes:-

Particulars	For the year Ended 31.03.2015	For the year Ended 31.03.2014
Audit Fees	Rs. 95,506/-	Rs. 95,506/-

h) In the absence of Profit & Loss Account, Provision for Deferred Tax as per Accounting Standard-22 issued by ICAI has not been made.

i) No provision has been made of Gratuity, Leave Encashment and other Retiremental Benefits to Company's employees as As-15, since the company does not have any employee of it own as on date. Preoperative Expenditure includes salary and wages including payment of lease rent, medical reimbursement, LTC, Staff welfare etc. of Staff on deputation from NHAI/Other Govt. departments.

j) The company being a Wholly State Owned Enterprise as defined under Accounting Standard- 18 on Related Party Disclosures. No disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

k) As per approval of the Board in its meeting a nominal rent of Rs. 1/- for the FY 2014-15 payable of Chennai Port Trust has been provided as Lease Rent in the accounts.

l) As per information & explanations given to us the company had no amounts payable to small-scale industrial undertakings as defined under Section 3(j) of Industries (Development and Regulation) Act, 1951 as at 31st March, 2015 for more than 30 days in excess of Rs. 1,00,000/- (previous year Rs. NIL).

m) Balances under loans and advances, deposits, unsecured loans etc. are subject to confirmation and necessary adjustments, in any.

n) Paisas have been rounded off to nearest Rupee.

o) Previous years figures have been regrouped / rearranged wherever considered necessary.
For and on behalf of Board of Directors.

Notes to the Accounts: (2013-14)

a) Expenditure incurred in connection with the Project i.e. pre-operative expenditure pending allocation to fixed assets on commissioning of the Project is included in Capital Work in Progress, Pre-operative Expenditure includes Rs. 6,32,594/- (previous year Rs. 3,73,945/-) accounted bases upon the statement of account provided by NHAI, which has been incurred by NHAI on behalf of the Company. Since NHAI, parent organization of the company has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of account provided by them.

As per the arrangement with NHAI, 75% of the actual salary & establishment expensed of the company have been borne by NHAI by debiting the account.

b) Contingent Liabilities
Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc. amounting to Rs. 21.12 croroes (Previous Year Rs. 70.80 crores)

c) All the directors of Company are nominees of National Highways Authority of India, the parent organization and other Government bodies. No payment has been made to them as salary/allowance or otherwise.

d) In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

e) Since there is no Profit/Loss for the year, Earning per Share pursuant to “Accounting Standard-20” issued by Institute of Chartered Accountants of India has not been given.

f) Pre-operative Expenditure includes Rs. 28,33,000/- being income tax provision on interest income for the Financial Year 2013-14 (Previous year Rs. 34,69,000/)

g) Auditor's Remuneration includes:-

Particulars	For the year Ended 31.03.2014	For the year Ended 31.03.2013
Audit Fees (Including Service Tax)	Rs. 95,506/-	Rs. 95,506/-

h) In the absence of Profit Loss Account, Provision for Deferred Tax as per Accounting Standard-22 issued by ICAI has not been made.

i) No provision has been made for Gratuity, Leave Encashment and other Retiremental Benefits to Company's employees as per As-15, since the company does not have any employee of it own as on date. Preoperative Expenditure includes salary and wages including payment of lease rent, medical reimbursement, LTC, Staff welfare etc. of Staff on deputation form NHAI/Other Govt. departments.

j) The company being a Wholly State Owned Enterprise as defined under Accounting Standard- 18 on Related Party Disclosures, on disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

k) As per approval of the Board in its meeting a nominal rent of Rs. 1/- for the FY 2013-14 payable to Chennai Port Trust has been provided as Lease Rent in the accounts.

l) As per information & explanations given to us the company had not amounts payable to small-scale industrial undertakings as defined under Section 3 (j) of Industries (Development and Regulation) Act, 1951 as at 31st March, 2014 for more than 30 days in excess of Rs. 1,00,000/- (previous Rs. NIL)

m) Balances under loans and advances, deposits, unsecured loans etc. are subject to confirmation and necessary adjustments, in any.

n) Paisa have been rounded off to nearest Rupee.

o) Previous years figures have been regrouped/rearranged wherever considered necessary.

<u>Notes to the Accounts: (2012-13)</u>

a) Expenditure incurred in connection with the project i.e. pre-operative expenditure pending allocation to fixed assets on commissioning of the project is included in Capital work in progress.
Pre-operative expenditure includes Rs.3,73,945/- (previous year Rs.3,73,578/-) accounted based upon the statement of account provided by NHAI, which has been incurred by NHAI on behalf of the Company. Since NHAI, parent organization of the company has undertaken all project preparation

activities and therefore related expenditure, has been booked in company only on the basis of account provided by them.

As per the arrangement with NHAI, 75% of the actual salary & establishment expenses of the company have been borne by NHAI by debiting the account.

b) MORR and IRR Road amounting to Rs.30 crores which was transferred by Govt. of Tamil Nadu toward equity contribution other than cash was shown as fixed asset is now transferred to CWIP from the financial year 2012-13 onward till the completion of Project Assets.

c) A sum of Rs.1,26,339/- has been adjusted with the assets due to retrospective rectification of depreciation charged on Written Down Method instead of Straight Line Method. Had the rectification not been made, the profit for the year would be lower by Rs.53,150 on account of current depreciation and the value of Net Fixed Assets would have been lower by Rs.1,79,488/-

d) Contingent Liabilities

Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc. amounting to Rs.70.80 crores (Previous year Rs.74.66 crores).

e) All the directors of company are nominees of National Highways Authority of India, the parent organization and other Government bodies. No payment has been made to them as salary/allowance or otherwise.

f) In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

g) Since there is no Profit/Loss for the year, Earning per Share pursuant to "Accounting Stantard-20" issued by Institute of Chartered Accountants of India has not been given.

h) Pre-operative expenditure includes Rs.20,49,000/- being income tax provision on interest income for the Financial Year 2012-13 (previous year Rs.7,00,000/-).

i) The company has increased its authorized share capital to 372,00,00,000/-. This is represented by 372,00,00,000/- Equity Shares of Rs.10/- each.

j) The estimated amount of contracts remaining to be executed on capital accounts (net of advances and limited to civil works) amounts to Rs.190.37 (previous year Rs.190.37 Crores)

k) Auditor's Remuneration includes:-

Particulars	For the year Ended 31.03.2013	For the year Ended 31.03.2012
Audit fees (Including Service Tax)	95,506/-	93,775/-

l) In the absence of Profit & Loss Account, Provision for Deferred Tax as per Accounting Standard -22 issued by ICAI has not been made.

m) No provision has been made for Gratuity, Leaves Encashment and other Retirement Benefits to company's employee as per AS-15, since the company does not have any employee of its own as on date. Preoperative Expenditure includes salary and wages including payment of lease rent, medical reimbursement, LTC, staff welfare etc. of Staff on deputation from NHAI/Other Govt. departments.

n) The company being a Wholly State Owned Enterprise as defined under Accounting Standard-18 on Related Party Disclosures, no disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

o) As per proposed Concession Agreement between SPV and CPT, it has been agreed that the entire land where project has been taken up, will be leased to the SPV at an annual lease rent Rs.1/- for the duration specified therein. Erstwhile, it was proposed that entire land shall be leased to NHAI at an annual lease rent of Rs.1/-. Since aforesaid agreement has not been finalized, no liability has been provided in the books of accounts.

p) As per information & explanations given to us the company had no amounts payable to small-scale industrial undertaking as defined under section 3(j) of industries (Development and Regulation) Act, 1951 as at 31st March, 2011 for more than 30 days in excess of 1,00,000/- (previous year Nil).

q) Balance under loans and advances, deposits, unsecured loans etc. are subject to confirmation and necessary adjustments, if any.

r) Paisa have been rounded off to nearest Rupee.

s) Previous years figures have been regrouped/ rearranged wherever considered necessary.

Annexure-VIII

Qualification/Emphasis of Matter paragraph to Auditors' Reports

<u>Basis of Qualified Opinion- Year ended March 31, 2017</u>

1. **Contribution Towards Workers Welfare Cess Rs. 95 Lacs:**

The company has deposited Rs. 2,90,450/- on 02/05/2015 towards Workers Welfare Cess of earlier years to Tamilnadu Government @ 0.3% on total contract amount of Rs. 9.68 Crores made to M/s. NSK Builders Pvt. Ltd. but the company has neither deducted nor deposited Worker Welfare Cess from the contract payment of Rs. 317.01 Crores made to M/s. "Coastal- SPL JV" till 31/03/2017. Consequently Rs. 95 Lacs is payable to the Tamilnadu Government under clause (b) of sub-section A of Tamilnadu Manual Workers (Regulation of employment and conditions of work), Act, 1982 and amendments to the Rules thereon.

As per sub clause 73.2: Local Taxation on page no. 0223 of Joint Agreement dated 07/02/2011 between the Company and Coastal- SPL JV it is the responsibility of the contractor to pay all taxes.

This has resulted in understatement of statutory liabilities. Interest and penalty provisions in this regard may also become applicable.

2. **Work Contract Tax Rs. 6.34 Crores.**

It is observed that M/s. SPL Infrastructure Pvt. Ltd. and M/s. Coastal Projects Ltd. has created a Joint Venture in the name of "Coastal- SPL JV" on 12/11/2010 for the execution of Road Project of the company. The company has deducted TPS under Income Tax Act of the Joint Venture in the name of "Coastal- SPL JV" but no TPS under Works Contract under TNVA T Act 2006 has been deducted by the company. On further inquiry it was observed that the company has not deducted WCT on the basis of "No liability Certificate" in the Form 'S' issued by commercial tax officer Chennai Wherein followings deficiency was observed:-

- Form 'S' has been issued in the favour of M/s. SPL Infrastructure Pvt. Ltd. vide TIN No.33210761814 valid w.e.f. 2006-07 and not in favour of "Coastal- SPL JV". However work contract is executed by "Coastal- SPL JV". Hence, Form 'S' is not valid and company is liable to deduct and deposit WCT TDS @2% on Rs. 317.01 Crores amounting to Rs. 6.34 Crores along with interest since beginning under TNVAT Act, 2006, hence exemption has wrongly been claimed.
- This has resulted in understatement of statutory liabilities and excess payment to "Coastal- SPL JV" to the tune of Rs. 6.34 Crores.

3. **STAMP DUTY ON SHARE ALLOTMENT:**

We have observed that Stamp Duty Rs. 37,18,000/- was not paid to the Department of Revenue, Delhi Govt, while issuing the shares as follows:

S. No.	Name of Shareholder	No. of Shares	Duty Payable (Rs.)
1	Chennai Port Trust	13,98,00,000	13,98,000
2	Kamarajar Port Ltd.	3,40,00,000	3,40,000
3	Government of Tamil Nadu	5,82,00,000	5,82,000
4	NHAI	13,98,00,000	13,98,000
	Total Stamp Duty Payable		37,18,000

- For payment of stamp duty on shares, the relevant documents should be submitted to the Revenue Department within 30 days from the date of issue of shares.

- Penalty may also be imposed upto 10 times of the Stamp Duty evaded by the Department of Revenue, Delhi.
- Moreover no provision of stamp duty has made in books of account, which has resulted in understatement of statutory liabilities as well as capital expenditure in regards to allotment.

4. <u>Recovery From M/S RDS & M/s EPIL and TDS.</u>

- It is observed that the company has made payment of Rs. 1,94,53,525/- on 11/08/2015 in view of award of Arbitration made on 08/07/2015 as per settlement agreement between EPIL and THE COMPANY without adjusting Rs. 68,849/- which was recoverable from M/s. EPIL since 01/04/2004.
- It is further observed that the Company has made payment of Rs. 1,30,34,490/- on 24/09/2016 to RDS Projects Ltd. Which includes interest of Rs. 9,81,885. No TDS has been deducted on the interest.
- It is also observed that TDS demands from A. Y. 2007-2008 to A. Y. 2013 - 2014 for Rs. 47,070/- are still showing outstanding at the Income Tax Website. Which needs to rectified or deposited.
- It has been observed that TDS of Rs. 4000/- u/s 194J has been excess deposited, and the same has not been claimed / adjusted till date.

5. <u>Service Tax</u>

- It is observed that Rs. 68,80,169/- is payable to the service tax department as on 31.03.2017, out of which Rs. 15,45,0007-pending since May 2013 but not yet paid till date which is clear violation of Provisions of Service Tax Rules for which interest and penalty may be imposed by Service tax department.
- It is observed that the Company has availed the cenvat credit in the bills of M/s. TNRDC for the month of March 2017 only and not availed the cenvat credit from April 2016 to February 2017 consequently loss to the Company of Rs. 16,76,777/- for non availment of CENVAT credit.
- Service tax returns for the year 2016-17 are not reconciling with the books of account.

The overall consequential impact of our comments and observations in para 1 to 5 above, on the financial statements cannot be ascertained at this stage as the management has not made estimates of their effect on Profit/Loss for the year as well as on the Assets and Liabilities of the company as on 31/03/2017**.**

<u>Emphasis of Matter- Year ended March 31, 2017</u>

1. We draw your attention to Note No, 21 (() in Notes on Accounts of the Financial Statements of the company for the year ended as at 31/03/2017, where the company has not received any confirmation from its debtors/vendors/service providers relating to amounts receivable/unpaid as at the year end.

- It is observed that a total advances of Rs, 9.04 Crores (Rs 2,59 Crores Commissioner; Corporation + Rs. 2.85 crores TNEB + Rs. 2.77 crores TNSCB + Rs. 0.83 crores CMWSSB) which are pending since long due to non-submission of utilization certificate by the concerned authorities/parties. No communication/documentation in this regard has been provided to our Audit.
- As per TNRDC Rs. 1,13,62,742/- is outstanding upto March 2017 and they are demanding the same vide their letter no. TNRDC/NHAI/EMRIP/337/17 whereas CEPRCL have made provision of Rs. 10,74,421/-, Moreover no action has been taken to reconcile/Settle the same.

2. The company has not appointed Company Secretary, Chief Financial Officer, Managing Director or

CEO under Section 203 read with Rule 8 of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014.

Further The Company is required to appoint Three Independent Directors under Section 149 read with Rule 4 of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014 out of which only One Director has been appointed so far.

<u>Basis of Qualified Opinion- Year ended March 31, 2016</u>

1. Share Application Money pending allotment- Rs. 28.20 Crores:
The Balance sheet of The Company contains Share Application Money pending Allotment of Rs. 28.20 Crores received in earlier years, i.e. Rs 10.16 Cr on 27.03.2013 in cash and Rs 18.04 Crores on 02/08/2013 other than cash, from Government of Tamilnadu, regarding which The Company was required, by the 1st June 2015, i) either return such amount, or ii) to allot shares, or Hi) to comply with deposit rules, by virtue of Rule 2(1)(c)(vii) of the Companies (Acceptance of Deposit) Rules, 2014.

- The Company has failed to allot the shares or return the application money within aforesaid period; it has become liable to comply with the provisions of section 73 to 76 of Companies act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

- The Company has failed to allot the shares or return the application money within aforesaid period; hence, it must disclose this amount as **Short term loans and advances,** instead of **Share Application Money pending Allotment.**

- The Company has become liable under Section 42(6) of the Companies Act, 2013, to repay the money with interest at the rate of 12% per annum, amounting to Rs. 3,38,40,000/- for this year, for which no provision has been created. Hence the expenses remains understated to this extent.

- Penalty may be imposed for non - compliances as aforesaid, the contingent liability regard which has not been mentioned in notes to the account.

2. <u>WORK CONTRACT TAX RS. 6.37 CRORES:</u>
It is observed that M/s. SPL Infrastructure Pvt. Ltd. and M/s. Coastal Projects Ltd. has created a Joint Venture in the name of “Coastal- SPL JV” on 12/11/2010 for the execution of Road Project of the company. The company has deducted TPS under Income Tax Act of the Joint Venture in the name of “Coastal- SPL JV’’ but no TPS under Works Contract under TNVAT Act 2006 has been deducted by the company. On further inquiry it was observed that the company has not deducted WCT on the basis of “No liability Certificate” in the Form ‘S’ issued by commercial tax officer Chennai Wherein followings deficiency was observed:-

- Form ‘S’ has been issued in the favour of M/s. SPL Infrastructure Pvt. Ltd. vide TIN No.33210761814 valid w.e.f. 2006-07 **<u>and not in favour of “Coastal- SPL JV”</u>.** However work contract is executed by “Coastal- SPL JV”. Hence, Form ‘S’ is not valid and company is liable to deduct and deposit WCT TDS @2% on Rs. 318.59 Crores amounting to Rs. 6.37 Crores along with interest since beginning under TNVAT Act, 2006, hence exemption has wrongly been claimed.

- This has resulted in understatement of statutory liabilities and excess payment to “Coastal- SPL JV” to the tune of Rs. 6.37 Crores.

3. **CONTRIBUTION TOWARDS WORKERS WELFARE CESS Rs. 96 Lacs**

The company has deposited Rs. 2,90,450/- on 02/05/2015 towards Workers Welfare Cess of earlier years to Tamilnadu Government @ 0.3% on total contract amount of Rs. 9.68 Crores made to M/s. NSK Builders Pvt. Ltd. but the company has neither deducted nor deposited Worker Welfare Cess from the contract payment of Rs. 318.59 Crores made to M/s. **"Coastal- SPL JV"** till 31/03/2016. Consequently Rs. 96 Lacs is payable to the Tamilnadu Government under clause (b) of sub-section A of Tamilnadu Manual Workers (Regulation of employment and conditions of work), Act, 1982 and amendments to the Rules thereon.

This has resulted in understatement of statutory liabilities. Interest and penalty provisions in this regard may also become applicable.

4. We have observed that Stamp Duty Rs. 34,36,000/- was not paid to the Department of Revenue, Delhi Govt, while issuing the shares as follows:

S.No.	Name of The Share Holder	No of Shares	Duty Payable
1	Chennai Port Trust	13,98,00,000	13,98,000
2	Kamarajar Port Trust	3,40,00,000	3,40,000
3	Government Of TamilNadu	3,00,00,000	3,00,000
4	NHAI	13,98,00,000	13,98,000
	Stamp Duty Payable		34,36,000

- For payment of stamp duty on shares, the relevant documents should be submitted to the Revenue Department within 30 days from the date of issue of shares.
- Penalty may also be imposed upto 10 times of the Stamp Duty evaded by the Department of Revenue, Delhi.
- Moreover, no provision of Stamp duty payable has made in books of account, which has resulted in understatement of Statutory Liabilities as well as Capital expenditure in regard to allotment of shares.

5. **Recovery From M/S EPIL VS TPS**

- It is observed that the company has deducted TDS @ 2% u/s 194C on full award amount of Rs. 1,98,50,536/- which includes interest amount of Rs. 80,34,741/- on which TDS @ 10% must have been deducted u/s 194A. So there is short deduction of Rs. 6,42,779/- (10,39,790-3,97,011) which is required to be deposited with interest with Income Tax Department. It is violation under the provision of Income Tax Act for which Income Tax Department shall impose interest as well as penalty for default.
- It is further observed that the company has made payment of Rs. 1,94,53,525/- on 11/08/2015 in view of award of Arbitration made on 08/07/2015 as per settlement agreement between EPIL and THE COMPANY without adjusting Rs. 68,849/- which was recoverable from M/s. EPIL since 01/04/2004

Moreover the company has made excess payment to M/s. EPIL of Rs. 7,11,628/- (6,42,779+68,849) which is recoverable from M/s. EPIL.

6. **Service Tax**

- It is observed that Rs, 15,45,000/- is payable to the service tax department since May 2013 but not yet paid till date which is clear violation of Provisions of Service Tax Rules for which interest and penalty may be imposed by Service tax department.
- Service tax liability not provided on Ground rent charged except of IMC Ltd. - Rs. 1,25,00,000/- and K.T.V. Health Food Pvt. Ltd. - Rs. 84,50,000/-.
- K.T.V. Health Food Pvt. Ltd. - Rs. 84,50,000/- dtd. 12/01/2015 @ 12.36% i.e. 10,44,420/- (Rent received on 12/01/2015, Service Tax received on 31/08/2015, deposited on 04.09.2015 whereas it is

shown in accounts on 31/08/2015, however the same income and tax thereon shown for the month of April, 2015 as per Service Tax Return).

- The company is not following the principal of ‘Reverse Charge Mechanism" in case of Man Power Services from M/s. M M Consultancy, as the company is paying service tax to the Service Provider. However, it should have been paid by the company itself under the Reverse charge Mechanism.
- In few instances the company has not paid Service tax to the providers or under RCM system which are given below:-

Particulars	**Nature of Services**	**Reverse Charge Paid**	**Reverse Charge to be Paid**	**Service Tax not paid**
Mr. P. Willson	Advocate Fee Rs. 1,00,000/-	-	14,000/-	14,000/-
Director Fee	Sitting Fee Rs.25,000/-	-	3,575/-	3,575/-

The overall consequential impact of our comments and observations in para 1 to 6 above, on the financial statements cannot be ascertained at this stage as the management has not made estimates of their effect on Profit/Loss for the year as well as on the Assets and Liabilities of the company as on 31/03/2016.

Emphasis Of Matter Year ended March 31, 2016

1. We draw your attention to Note No. 2 (k) of Notes on Accounts of the company for the year ended as at 31/03/2016, where the company has not received any confirmation from its debtors/vendors/service providers relating to amounts receivable/unpaid as at the year end.
2. The company has not appointed Company Secretary, Chief Financial Officer, Managing Director or CEO under Section 203 read with Rule 8 of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014.

   Further The Company is required to appoint Two Independent Directors under Section 149 read with Rule 4 of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014 out of which only One Director has been appointed so far

Basis For Qualified Opinion FY 2014-15 N.A.

Emphasis Of Matters FY 2014-15 N.A.

Basis of Qualified Opinion- Year ended March 31, 2014

1. The nomenclature “Statement of Preoperative Expenditure for the period ended on 31st March 2014”has wrongly been given instead of “Statement of Preoperative Income & Expenditure for the year ended 31st March 2014”. There is however no financial effect on the accounts of our observation as it relates to wrong nomenclature or deficient disclosure.
2. Under note 2.2 of Notes to Financial statements Share Application Money Pending Allotment, the disclosure made is deficient in view of Guidance Note of ICAI to Revised Schedule VI in terms of (a) The period for which the share application money has been pending along with reasons thereof (b) The interest accrued thereon, if any. There is however no financial effect on the accounts of our

observation as it relates to deficient disclosure.

3. The company has provided the current tax liability on income (including surcharge & education cess) which in our opinion is short by Rs.8,58,260/-, as interest on mobilization advance has not been included in income for taxation purposes. No justifiable reason about the income being not taxable was produced before us. As a result the profit for the year declared in Statement of Expenditure is higher by Rs. 8,58,260/-, Consequently, in the Balance Sheet, the work in progress under fixed assets is higher and Current Liabilities are lower by the same amount.
4. The effect on accounts that may arise due to levy of interest and penalty under the Income tax Act 1961 on short provision and short payment of tax as stated in para (ii) above cannot be determined.

Emphasis Of Matters FY 2013-14 -N.A.

Basis of Qualified Opinion- Year ended March 31, 2013

1. That the nomenclature of Preoperative Expenditure for the period ended on 31st March 2013 has wrongly been given instead of "Preoperative Income & Expenditure Account for the year ended 31st March 2013 (Previous year it was named as Preoperative Profit & Loss account). The reasons and necessity of such a change in nomenclature has not been disclosed or explained in financial statements.
2. in case of Balance Sheet Tangible Fixed Assets of previous year as at 31.03.2012 have been disclosed at Rs. 60,06,98,443/- as against correct amount of Rs. 30,06,98,443/- . The totals of assets and liabilities in the Balance Sheet as at 31.03.2012 also do not tally. The totals of assets are higher by Rs. 30,00,00,000/- due to above difference in Tangible Fixed Assets.
3. Under Notes on Accounts note no. (i) the number of equity shares represented by Authorized Share Capital have wrongly been disclosed as 3,72,00,00,000 instead of 37,20,00,000.
4. Under note 2.2 of Notes to Financial statements Share Application Money Pending Allotment, the disclosure made is deficient in view of Guidance Note of ICAI to Revised Schedule VI in terms of (a) The period for which the share application money has been pending along with reasons thereof (b) The period before which shares are to be allotted and (c) interest, if any, accrued thereon.
5. During the year the company has allotted 15,60,00,000 fresh equity shares of Rs. 10/- each amounting to Rs. 156 Crores, on which stamp duty of Rs. 15,60,000/- payable under Article 19 of Indian Stamp Act 1899, as applicable to Union Territory of Delhi, has neither been paid nor provided in the books. This has resulted in overstatement of profit by Rs. 15,60,000/-.
6. The effect on accounts that may arise due to levy of interest and penalty for default as per para (v) above cannot be determined.
7. The company has provided for current tax liability on interest income which in our opinion is short by Rs. 15,12,980/- as interest on mobilization advance has not been included in income for taxation purposes. No justifiable reason about the income being not taxable was produced before us.
8. The effect on accounts that may arise due to levy of interest and penalty for short provision of tax as stated in para (vii) above cannot be determined.

There is no financial effect on accounts of our observation made in para (i) to (iv) above as they relate to wrong or deficient disclosures. The net effect of our observation in para (vi) and (viii) cannot be ascertained. Had the effect of observation in para (v) and (vii) is considered the profit for the year declared in Statement of Expenditure is higher by Rs. 30,72,980/- or conversely the pre-operative profit for the year declared at Rs. 23,34,865/- should have been a loss of Rs. 7,38,115/-. Consequently, in the Balance Sheet, the work in progress under fixed assets is higher and Current Liabilities are lower by the same amount.

Statement of Accounting Ratios

PARTICULARS	2017	2016	2015	2014	2013
Earning per share (Basic/Diluted) (Rs.)	0.02	0.04	-	-	-
Return on net worth (%)	0.22%	0.37%	-	-	-
Net asset value per equity share (Rs.)	10.06	10.04	9.99	10.00	10.00
Weighted average number of equity shares outstanding during the year / period (in crore)	36.48	34.36	33.74	33.68	33.68
Total number of share outstanding at the end of the year / period (in crore)	37.18	34.36	34.36	33.68	33.68
Debt Equity Ratio	0.09	0.10	0.14	0.01	0.03

Notes:

The ratios have been computed as below:

Earning per Share (Rs.) = Profit after tax / Number of equity shares at the endof the year.

Return on net worth (%) = Profit after tax / Net Worth at the end of the year.

Net asset value per equity share (Rs.) = Net worth at the end of the year / Number of equity.

Debt equity Ratio = Total Debt outstanding at the end of the year / Net worth at the end of the year

INDEPENDENT AUDITOR'S REPORT

The Board of Members

NATIONAL HIGHWAY AUTHORITY OF INDIA

G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF COCHIN PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), IN THE FINANCIAL YEAR 2018-2019 ("ISSUE").

1. We have read the reformatted financial information of **Cochin Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Bharatmala Bonds /Auditor/2018-19 dated September 6, 2018, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2017, 2016, 2015, 2014 and 2013, which have been audited by the following auditors:

For Financial Year	Name of the Auditor
2016-17	KMGS & Associates
2015-16	Bubber Jindal & Company
2014-15	Bubber Jindal & Company
2013-14	Bubber Jindal & Company
2012-13	Bubber Jindal & Company

We have placed reliance on the audit reports of these auditors for the respective years.

2. Management's Responsibility

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted

financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Schedule III of the Companies Act, 2013.

3. Auditor's Responsibility

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013,and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. Financial Information as per Audited Financial Statements

We have read the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2013 to 31st March, 2017 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March 2013 to 31st March 2017 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule III of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2017. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013.

v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 which are reproduced in Annexure VIII.

5. *Attention is drawn to the following*:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, adjustments of amounts pertaining to mathematical accuracy and adjustment of amounts arising out of auditor's qualifications.

6. Other Reformatted Financial Information of the Company:

At the company's request we have read the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in

Connection with the proposed issue of Bonds of the Authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31,2017.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner
Membership No- 098358

Date: 25 September 2018
Place: Ghaziabad

COCHIN PORT ROAD COMPANY LIMITED

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lakhs)

Particulars	Note	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
I. EQUITY AND LIABILITIES						
(1) Shareholder's Funds						
(a) Share Capital	**2**	5,790.00	5,790.00	4,480.00	4,480.00	4,480.00
(b) Reserves and Surplus	**3**	(11,271.18)	(9,019.17)	(7,000.24)	(5,271.34)	(3,758.41)
(2) Share application money pending allotment	**4**	-	-	20.00	20.00	20.00
(3) Non-Current Liabilities						
(a) Long-Term Borrowings	**5**	18,837.70	17,101.32	16,199.86	14,499.40	13,331.78
(b)Other Non - Current Liabilities	**6**	1.59	16.47	16.76	96.66	90.92
(4) Current Liabilities						
(a) Trade Payables	**7**	11.12	45.67	55.36	2.96	4.16
(b)Other Current Liabilities & Provisions	**8**	359.43	355.43	1,855.57	2,062.71	2,458.23
		13,728.66	**14,289.72**	**15,627.31**	**15,890.40**	**16,626.68**
II. ASSETS						
(1) Non-Current Assets						
(a) Fixed Assets						
(i) Tangible	**9**	0.36	0.45	0.52	0.75	0.81
(ii) Intangible		12,202.29	13,225.62	14,243.08	15,042.77	16,050.89
(ii) Capital Work in Progress	**9A**	-	-	-	-	-
(b) Long term loans and advances	**10**	0.69	0.24	6.04	39.57	39.42
(c) Other non-current assets	**11**	-	-	-	3.98	8.76
(2) Current Assets						
(a) Trade receivables	**12**	5.22	5.22	5.22	27.58	32.16
(b) Cash and Cash equivalents	**13**	182.55	218.66	484.85	625.19	348.46
(c) Short-term loans and advances	**14**	0.07	0.07	0.03	136.15	136.01
(d) Other current assets	**15**	1,337.48	839.46	887.57	14.41	10.17
		13,728.66	**14,289.72**	**15,627.31**	**15,890.40**	**16,626.68**

COCHIN PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF PROFIT AND LOSS

Annexure-II

(Rs. In L

Income:	**Note**	**For the Year Ending 31st March 2017**	**For the Year Ending 31st March 2016**	**For the Year Ending 31st March 2015**	**For the Year Ending 31st March 2014**	**For the Year Ending 31st March 2013**
Revenue from operations	**16**	437.52	821.60	1,092.71	1,002.62	1,005.90
Other Income	**17.1**	70.63	18.36	37.91	23.05	21.98
Total Revenue		**508.15**	**839.96**	**1,130.62**	**1,025.67**	**1,027.87**
Expenses:						
Employee Benefit Expense	**18.1**	9.10	9.03	7.11	6.33	3.74
Expenses connected with Rendering Service	**19.1**	2.21	97.12	323.14	65.49	109.03
Finance Cost	**20.1**	1,685.42	1,703.85	1,527.17	1,447.35	1,399.68
Depreciation/Amortisation		1,023.43	1,023.42	992.14	1,008.18	1,008.38
Other Expenses	**21.1**	37.87	25.48	9.81	11.23	10.06
Total Expenses		**2,758.04**	**2,858.90**	**2,859.38**	**2,538.58**	**2,530.89**
Less Prior period Items		2.13	0	0	0	2.12
Profit/(Loss) for the year before Taxation		**(2,252.02)**	**(2,018.93)**	**(1,728.76)**	**(1,512.93)**	**(1505.13)**
Tax expense:						
Provision for Taxation						
- Current		-	-	-	-	-
- Deferred		-	-	-	-	-
- Earlier Years		-	-	-	-	-
Provision for FBT		-	-	-	-	-
Profit/(Loss) for the year after Taxation		**(2,252.02)**	**(2,018.93)**	**(1,728.76)**	**(1,512.93)**	**(1505.13)**
Earning per equity share:						
Equity share of Par value ` 10/-each						
Basic	**22**	(3.89)	(3.49)	(3.86)	(3.38)	(3.36)
Diluted	**22**	(3.89)	(3.49)	(2.99)	(2.61)	(2.60)

COCHIN PORT ROAD COMPANY LIMITED

REFORMATTED CASH FLOW STATEMENT

Annexure-III
(Rs. In Lacs)

S.no	Particulars	For the Year Ending 31st March 2017	For the Year Ending 31st March 2016	For the Year Ending 31st March 2015	For the Year Ending 31st March 2014	For the Year Ending 31st March 2013
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**					
	Net Profit before Tax as per Statement of Profit & Loss	(2,252.02)	(2,018.93)	(1,728.76)	(1,512.93)	(1,505.13)
	Add : Adjustment for :-					
	- Depreciation / Amortization	1,023.43	1,023.42	992.14	1,008.18	1,008.38
	- Interest Paid	1,685.42	1,703.85	1,527.17	1,447.35	1,399.68
	- Preliminary Expenses written off	-	3.98	4.78	4.78	4.78
	- Interest Income	(9.65)	(17.90)	(34.34)	(21.06)	(19.85)
	Operating profit (loss) before working capital changes	**447.19**	**694.42**	**760.99**	**926.32**	**887.85**
	Increase / Decrease in Current Liabilities & Trade Payables	(30.56)	(219.82)	(154.74)	(396.72)	354.96
	Increase / Decrease in Current Assets & loans & advances	(498.01)	47.82	(681.94)	0.05	(167.3)
	Increase / Decrease in Non-Current Assets	-	-	-	-	
	Increase/Decrease in Long Term liabilities	-	-	-	-	142.12
	Increase in other payable	(14.88)	(0.30)	(79.90)	5.74	-
	Tax Paid	-	-	-	-	-
	Net cash from Operating Activities	**(96.27)**	**522.12**	**(155.59)**	**535.40**	**1,217.63**
	Cash Flow from operating activities after extraordinary items	**(96.27)**	**522.12**	**(156)**	**535**	**1,218**
B	**CASH FLOW FROM INVESTING ACTIVITIES**					
	Adjustments for:	-			-	-
	Sale/(Purchase) of Fixed Assets	-	(5.89)	(192.38)	-	-
	Sale/(Purchase) of CWIP	-	-	-	-	-
	Increase / Decrease in Current Liabilities & Trade Payables	-	-	-	-	-
	Increase / Decrease in Current Assets & loans & advances	0.45	-	-	-	-
	Increase / Decrease in Non Current Assets	-	-	-	-	-
	Increase/Decrease in Long Term liabilities	-	-	-	-	-
	Interest Income	9.65	17.90	34.34	21.06	19.85
	Net cash used in Investing Activities	**9.20**	**12.01**	**(158.04)**	**21.06**	**19.85**
C	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Proceeds from Issuance of Share Capital	-	-	-	-	-
	Proceeds from Share Application Money	-	-	-	-	-
	Proceeds from long term borrowings	1,736.38	901.46	1,700.46	1,167.62	179.47
	Interest paid	(1,685.42)	(1,703.83)	(1,527.17)	(1,447.35)	(1,399.68)
	Net cash used in Financing Activities	**(50.96)**	**(802.37)**	**173.28**	**(279.74)**	**(1,220.21)**
	Net Increase / (Decrease) in cash and cash equivalents during the year (A+B+C)	(36.12)	(268.24)	(140.34)	276.73	17.27
	Opening balance of cash and cash equivalents	218.67	486.91	625.19	348.46	331.19
	Closing balance of cash and cash equivalents	**182.55**	**218.67**	**484.85**	**625.19**	**348.46**

COCHIN PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

9. FIXED ASSETS **Annexure-IV**

(Rs. In Lacs)

Particular's		NET BLOCK			
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014	As at 31.03.2013
Toll Road & Bridges	12,202.28	13,225.61	14,243.08	15,042.77	16,050.89
Furniture & Fittings	0.35	0.44	0.51	0.60	0.65
Computer & EDP Equipment	-	-	-	-	-
Office Equipment	0.01	0.01	0.01	0.15	0.16
Total	**12,202.64**	**13,226.06**	**14,243.60**	**15,043.52**	**16,051.70**
Previous Year	**13,226.06**	**14,243.60**	**15,043.52**	**16,051.70**	**17,060.08**

COCHIN PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSTES AND LIABILITIES

Annexure-IV

(Rs. In Lacs)

PARTICULARS	AS AT 31st March, 2017	AS AT 31st March, 2016	AS AT 31st March, 2015	AS AT 31st March, 2014	AS AT 31st March, 2013
Authorized Capital	6,000.00	6,000.00	4,500.00	4,500.00	4,500.00
	6,000.00	6,000.00	4,500.00	4,500.00	4,500.00
Issued, Subscribed and Paid-up	5,790.00	5,790.00	4,480.00	4,480.00	4,480.00
	5,790.00	**5,790.00**	**4,480.00**	**4,480.00**	**4,480.00**

(All the shares are held by NHAI the parent organisation and its nominees)

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

Equity Shares

PARTICULARS	AS AT 31st March,2017 No. of Shares	AS AT 31st March,2016 No. of Shares	AS AT 31st March,2015 No. of Shares	AS AT 31st March,2014 No. of Shares	AS AT 31st March,2013 No. of Shares
At the beginning of the year	579.00	448.00	448.00	448.00	448.00
Add: Shares issued during the year		131.00			
Balance as at the end of the year	**579.00**	**579.00**	**448.00**	**448.00**	**448.00**

Details of shares held by the shareholders holding more than 5% of the aggregate shares in the Company

PARTICULARS	AS AT 31st March,2017	AS AT 31st March,2016	AS AT 31st March,2015	AS AT 31st March,2014	AS AT 31st March,2013
Name of Shareholder	**No. of Shares**	**No. of Shares**	**No. of Shares**	**No. of Shares**	**No. of Shares**
National Highway Authority Of India(including its Nominees) 100 % Holding	579.00	579.00	448.00	448.00	448.00
	579.00	**579.00**	**448.00**	**448.00**	**448.00**

COCHIN PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSTES AND LIABILITIES

Annexure-IV

3.RESERVES & SURPLUS

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2017	AS AT 31st March,2016	AS AT 31st March,2015	AS AT 31st March,2014	AS AT 31st March,2013
Surplus (Profit & Loss Account)					
Opening Balance	(9,019.17)	(7,000.24)	(5,271.34)	(3,758.41)	(2,253.28)
Current Year Profit/(Loss)	(2,252.02)	(2,018.93)	(1,728.76)	(1,512.93)	(1,505.13)
Assets written off (net of depreciation)	-	-	(0.14)	-	-
Total	**(11,271.18)**	**(9,019.17)**	**(7,000.24)**	**(5,271.34)**	**(3,758.41)**

4. SHARE APPLICATION MONEY PENDING ALLOTMENT

(Rs. In Lacs)

PARTICULARS	AS AT 31st March2017	AS AT 31st March2016	AS AT 31st March2015	AS AT 31st March2014	AS AT 31st March2013
Share Application Money Received	-	-	1,310.00	1,310.00	1,310.00
Less: Amount of share application Money Received- over and above the available authorised share capital		-	1,290.00	1,290.00	1,290.00
Total	**-**	**-**	**20.00**	**20.00**	**20.00**

5. LONG TERM BORROWINGS

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2017	AS AT 31st March,2016	AS AT 31st March,2015	AS AT 31st March,2014	AT 31st March,2013
Unsecured					
Loan From Related Party - NHAI	18,837.70	17,101.32	16,199.86	14,499.40	13,331.78
Total	**18,837.70**	**17,101.32**	**16,199.86**	**14,499.40**	**13,331.78**

6. OTHER NON CURRENT LIABILITIES

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2017	AS AT 31st March,2016	AS AT 31st March,2015	AS AT 31st March,2014	AS AT 31st March,2013
Performance Security	-	-		85.28	84.17
Retention	1.35	16.23	16.52	11.14	6.41
Others	0.24	0.24	0.24	0.24	0.34
Total	1.59	16.47	16.76	96.66	90.92

7.TRADE PAYABLES

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2017	AS AT 31st March,2016	AS AT 31st March,2015	AS AT 31st March,2014	AS AT 31st March,2013
Micro, Small and Medium Enterprises	-	-	-	-	-
Others	11.12	45.67	55.36	2.96	4.16
Total	**11.12**	**45.67**	**55.36**	**2.96**	**4.16**

8. OTHER CURRENT LIABILITIES & PROVISIONS **(Rs. In Lacs)**

PARTICULARS	AS AT 31st March,2017	AS AT 31st March,2016	AS AT 31st March,2015	AS AT 31st March,2014	AS AT 31st March,2013
Current Maturities of Long term Debt	-	-	-	165.00	940.00
Share Application Money Pending Allotment	-	-	1,290.00	1,290.00	1,290.00
Statutory Dues Payable	169.91	178.19	165.58	147.94	142.91
Retention	-	-	-	-	-
Payable for Capital Expenditure	16.71	16.71	16.71	73.97	73.97
Amount (Recoverable)/Payable from/to NHAI	36.03	26.96	17.90	10.79	3.91
Expenses Payable	3.04	2.46	3.69	2.61	3.24
Payable to Group Company	2.97	0.11	0.19	-	0.02
Security Deposit(EMD)	2.05	2.05	2.09	13.11	4.18
Other liabilities & Provisions	-	-		-	-
Provision for income tax (net advance tax)	-	-		-	-
TR CHADHA & CO		0.25	0.17	-	-
Other Payable (Paradip Port & MJPRCL)	-	-	-	0.06	-
Advance received against deposit work	128.70	128.70	359.23	359.23	-
Total	**359.43**	**355.43**	**1,855.57**	**2,062.71**	**2,458.23**

9A. CAPITAL WIP (Amount in Rs.)

PARTICULARS	AS AT 31st March,2017	AS AT 31st March,2016	AS AT 31st March,2015	AS AT 31st March,2014	AS AT 31st March,2013
A-Capital WIP at site	-	-	-	-	-
CWIP - Civil	-	-	-	-	-
CWIP - Other Consultancy Services	-	-	-	-	-
CWIP - supervision Consultancy	-	-	-	-	-
Material Advance	-	-	-	-	-
Equipment Advances	-	-	-	-	-
Total (A)	-	-	-	-	-
	-	-	-	-	- -
B-Transfer from Preoperative statement*	-	-	-	-	
Total (A+B)	-	-	-	-	-
-Capitalised / transferred to fixed assets	-	-	-	-	-
Total	-	-	-	-	-

COCHIN PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSTES AND LIABILITIES

10.LONG TERM LOANS & ADVANCES

Annexure-IV

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2017	AS AT 31st March,2016	AS AT 31st March,2015	AS AT 31st March,2014	AS AT 31st March,2013
Unsecured, considered good					
Advance Against Deposit Work	-	-	5.89	39.42	39.42
Amount Recoverable From NHAI	-	-	-	-	-
Advance Tax and TDS	-	-	-	-	-
Deposit Electricity	0.69	0.24	0.15	0.15	-
Total	**0.69**	**0.24**	**6.04**	**39.57**	**39.42**

11. Other Non-Current Assets

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2017	AS AT 31st March,2016	AS AT 31st March,2015	AS AT 31st March,2014	AS AT 31st March,2013
Unamortised Preliminary Expenditure	-	-	-	3.98	8.76
Total	**-**	**-**	**-**	**3.98**	**8.76**

12.TRADE RECEIVABLES

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2017	AS AT 31st March,2016	AS AT 31st March,2015	AS AT 31st March,2014	AS AT 31st March,2013
Due for more than six months	5.22	5.22	5.00	5.00	12.40
Others	-	-	0.22	22.58	19.76
Total	**5.22**	**5.22**	**5.22**	**27.58**	**32.16**

13. CASH & CASH EQUIVALENTS

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2017	AS AT 31st March,2016	AS AT 31st March,2015	AS AT 31st March,2014	AS AT 31st March,2013
Cash and Cash Equivalents					
Cash In Hand	-	-	-	-	-
Balances with bank					
- In Current Accounts	14.49	68.52	119.80	20.87	64.28
- Deposits Accounts	160.48	145.61	364.90	516.32	284.18
Interest Accrued on Deposits with Bank	1.48	2.96	-	-	-
Deposit with vendor	6.09	1.58	0.15	-	-
Remittance In Transit	-	-	-	88.00	-
Total	**182.55**	**218.67**	**484.85**	**625.19**	**348.46**

14.SHORT TERM LOANS & ADVANCES

(Rs. In Lacs)

PARTICULARS	AS AT 31st March,2017	AS AT 31st March,2016	AS AT 31st March,2015	AS AT 31st March,2014	AS AT 31st March,2013
Unsecured, considered good					
Advance Against Deposit Work	-	-	-	-	-
Amount Recoverable From NHAI	-	-	-	-	-
Advance Tax and TDS	-	-	-		
Loans & Advances (Assets)	0.07	0.07	0.03	136.15	136.01
Total	**0.07**	**0.07**	**0.03**	**136.15**	**136.01**

(Rs. In Lacs)

15. OTHER CURRENT ASSETS

PARTICULARS	AS AT 31st March,2017	AS AT 31st March,2016	AS AT 31st March,2015	AS AT 31st March,2014	AS AT 31st March,2013
Amount Recoverbale from NHAI against Toll Revenue	1,325.35	828.29	872.15	-	-
Advance Tax & TDS Recoverable	12.13	11.17	9.38	5.97	3.86
Income Tax & FBT Refund Receivable	-	-	-	-	-
Unamortised Preliminary Expenses	-	-	3.98	4.78	4.78
Interest accrued on Deposits with Bank	-	-	2.06	3.67	1.53
Total	**1,337.48**	**839.46**	**887.57**	**14.41**	**10.17**

COCHIN PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED STATEMENT OF PROFIT AND LOSS

Annexure-V

16. REVENUE FROM OPERATIONS

(Rs. In Lacs)

PARTICULARS	Year ended 31st March,2017	Year ended 31st March,2016	Year ended 31st March,2015	Year ended 31st March,2014	Year ended 31st March,2013
- Sale of Services					
Toll Revenue	437.52	821.60	1,092.71	1002.62	997.58
- Reimburshment Recoverable from Kerala					
Government of toll fee	-	-	-	-	8.32
Total	**437.52**	**821.60**	**1,092.71**	**1002.62**	**1005.90**

17.1 OTHER INCOME

(Rs. In Lacs)

PARTICULARS	Year ended 31st March,2017	Year ended 31st March,2016	Year ended 31st March,2015	Year ended 31st March,2014	Year ended 31st March,2013
Interest on Deposits with Bank	9.65	17.90	34.34	21.04	19.85
Other Miscellaneous Income	60.98	0.46	3.57	2.01	2.13
Total	**70.63**	**18.36**	**37.91**	**23.05**	**21.98**

COCHIN PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED STATEMENT OF PROFIT AND LOSS & PREOPERATIVE EXPENDITURE (Annexure V)

(Rs. In Lacs)

18.1 EMPLOYEE BENEFIT EXPENSES

PARTICULARS	Year ended 31st March,2017	Year ended 31st March,2016	Year ended 31st March,2015	Year ended 31st March,2014	Year ended 31st March,2013
Salary & Wages	9.10	9.03	7.11	6.33	3.74
Staff welfare exp.	-	-	-	-	-
CPF-Contribution	-	-	-	-	
-		-	-	-	-
Total	**9.10**	**9.03**	**7.11**	**6.33**	**3.74**

19.1 EXPENSES CONNECTED WITH RENDERING SERVICES

(Rs. In Lacs)

PARTICULARS	Year ended 31st March,2017	Year ended 31st March,2016	Year ended 31st March,2015	Year ended 31st March,2014	Year ended 31st March,2013
				Charged to P&L	Charged to P&L
Expenditure on Toll Collection & Maint. Of Highway	-	2.52	-	1.15	28.50-
Beautification Work	-	-	16.21	-	63.83
Advertising	-	3.48	1.97	2.85	0.49
Printing and Stationery	-	-	-	0.05	0.20
Other Expenses	-	3.85	5.59	5.31	1.62
Repair and Maintenance	-	0.97	284.02	54.17	6.50
Travelling Exp.,local Conv.,Bank Charges& Opera. And Maint.	0.41	72.19	6.41	-	-
Legal and Professional Charges	1.80	14.11	8.94	1.96	7.88
Total	**2.21**	**97.12**	**323.14**	**65.49**	**109.03**

20.1 FINANCE COST

(Rs. In Lacs)

PARTICULARS	Year ended 31st March,2017	Year ended 31st March,2016	Year ended 31st March,2015	Year ended 31st March,2014	Year ended 31st March,2013
Interest on Loan to NHAI	1,685.42	1,703.85	1,527.17	1,447.35	1,399.68-
Bank Charges	0.00	0.00	-	-	-
Total	**1,685.42**	**1,703.85**	**1,527.17**	**1,447.35**	**1,399.68-**

COCHIN PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED STATEMENT OF PROFIT AND LOSS & PREOPERATIVE EXPENDITURE

(Annexure V)

21.1 OTHER EXPENSES

PARTICULARS	Year ended 31st March,2017	Year ended 31st March,2016	Year ended 31st March,2015	Year ended 31st March,2014	Year ended 31st March,2013
Legal & Professional Expenses	0.84	0.46	0.66	3.77	1.2
Electricity & Water	-	-	0.12	-	-
Miscellaneous	33.10	4.34	1.69	2.40	0.20
Bank charges, Concession & Filing Fees	0.56	12.95	-	-	.01
Travelling & Conveyance	-	0.01	0.02	0.27	0.59
Repair & Maintenance - Others	0.07	0.03	0.01		-
Preliminary Expenses Written off	-	3.98	4.78	4.78	4.78
Printing & Stationary	-	0.02	0.02	0.01	0.01
Intt. On TDS & Service Tax	-	0.98			
Remuneration to auditors	3.30	2.71	2.51	-	2.5
Reimbursement of audit expense	-	-	-	-	0.77
Total	**37.87**	**25.48**	**9.81**	**11.23**	**10.06**

22. EARNING PER SHARE / (AS-20) :-

Particulars	Year ended 31st March,2017	Year ended 31st March,2016	Year ended 31st March,2015	Year ended31st March2014	Year ended 31st March,2013
Profit (loss) for the year attributable to equity shareholders (`)	(2252)	(2,019)	(1,729)	(1,513)	(1,505)
Face value per equity share (`)	10/-	10/-	10/-	10/-	10/-
Weighted average no. of equity shares for computing basic earnings per share	579	579	448	448	448
Weighted average no. of equity shares for computing diluted earnings per share	579	579	579	579	579
Basic earnings per share (in `)	(3.89)	(3.49)	(3.86)	(3.38)	(3.36)
Diluted earnings per share (In `)	(3.89)	(3.49)	(2.99)	(2.61)	(2.60)

COCHIN PORT ROAD COMPANY LIMITED

Annexure VI

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, (2017, 2016, 2015, 2014, 2013)

Note – 1

Background of the company

The Company has been set up to develop, establish, construct, operate and maintain a project relating to the construction, operation and maintenance of the Cochin Port connectivity project under the "Build Operate Transfer" (BOT) basis. The company is wholly owned by National Highways Authority of India (NHAI). A concession Agreement entered between the Company and NHAI confer the right to the Company to implement the project and levy toll/user charges over the long concession period after completion of construction. The project was capitalized and transferred to fixed asset during the financial year 2010-2011. Later in the year 2015-16 NHAI appointed another concessionaire namely M/s Kochi Aroor Toll Ways Pvt. Ltd. who, at present, is running and collecting the toll on behalf of NHAI.

Significant Accounting Policies

a) Basis of accounting
The financial statements have been prepared under historical cost convention, on the accrual basis of accounting.

b) Revenue Recognition
Toll Revenue is recognized on accrual basis.

c) Fixed Assets
Fixed assets are stated at their original cost of acquisition (including incidental expenses relating to the acquisition and installation of the assets) less depreciation.

d) Depreciation on Fixed Assets
Depreciation on fixed assets, other than the Toll Road Assets, is provided on the basis of Straight Line Method at the rate and in the manner prescribed in schedule II to the Companies Act, 2013. Toll Road Assets are amortized on pro-rata basis over the relevant remaining concession period after the date of completion of project.

e) Investments
Investments will be valued at lower of cost or market value.

f) Borrowing Costs
Interest prior to the completion of project is capitalized to the qualifying asset. Interest after the completion of project is charged to revenue.

g) Miscellaneous expenditure
The miscellaneous expenditure are amortized on Pro-rata basis over a period of five years commencing from the completion of project.

h) Contingencies
The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

i) Deferred Taxation
Tax Liability of the Company is estimated considering the provision of the Income Tax Act, 1961. Deferred Tax is recognized subject to the consideration of prudence, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

j) Impairment of Fixed Assets
Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying

amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years

Notes forming part of the financial statements for the year ended 31.03.2017

Note. 21 Contingent Liabilities

In the Case of Mecon Gea Energy System (India) Ltd. (Contractor for Toll Road construction) Vs National Highways Authority of India (NHAI) on behalf of Cochin Port Road Company Limited (CPRCL). Arbitral Tribunal on 27.12.2015 decided the matter in favour of Mecon Gea Energy System (India) Ltd. and award is as follows:-

(i) Amount equivalent to value of Bank Guarantee encashed by company of Rs.126,989,266/- (Rupees Twelve Crore Sixty nine Lakhs Eighty nine Thousand Two Hundred and Sixty six only) plus lnterest@12% p.a. thereon from 28.05.2007 till the date of payment.

(ii) Directed to pay interest @12% p.a. on Rs.1,498,035/·(Rupees Fourteen Lakhs Ninety eight Thousand and Thirty five Only], being the amount of retention money, from 18.07.2007 till 18.07.2008 the actual date of payment of retention money to the acconnt of claimant.

Aggrieved by the order dated· 27.12.2015 of Arbitral Tribunal, NHAI on behalf of CPRCL filed an appeal wide 0.M.P No.95/2016 before Hon'ble Delhi High Court and the case is still pending before Hon'ble Delhi High Court.

Note: 22

All the Directors of the company, except the independent directors, are holding office in company as nominees of National Highways Authority of India, the Parent organization, no payment has been made to them as salary/allowance or otherwise, sitting fees is paid to Independent director/s.

Note· 23 Interest Payment to NHAI (on Loan)

NHAI collects toll from the OMT & reimburses it to the company but this amount is not considered while calculating interest payable on loan from NHAI. Based on the information on records the interest on amount retained cannot be quantified.

Note· 24 Staff on Deputation

The parent organisation of the company viz NHAI has deputed some of its staff members to look after the day to day affairs of the company, As informed to us there is no formal agreement entered into between the company & NHAI. NHAI recovers the proportionate cost of salary & other allowances paid to these persons from the company. The company has shown these expenses under the head Salary in its financial statements. Further, the liability by acturial valuation is not worked out in case of these employees deputed by NHAI as required in "AS 15 -Accounting for Retirement Benefits in the financial statements of the Company".

Note - 25 Restoration work for Kerala Water Authority

The company licenced Kerela Water Authority (KWA) to lay water supply pipes along the toll road for supply of water. After completion of that work the company was given restoration work of road after pipe laying by KWA and was paid a sum of Rs.3.59 crores for the same. As per the terms of agreement with KWA, a sum of Rs.1.02 Crores was to be paid to CPRCL towards supervision/consultancy charges, providing temporary diversions etc. The company has neither booked this income nor paid taxes (Service tax and/or VAT) due on this income. Moreover the company is showing the balance amount under the head Current Liabilities as payable to KWA.

Note - 26 Recoverable from Government of Kerala on account of Free Passes to Villagers

Government of Kerala has, through an agreement with CPRCL, agreed to pay for free passes to be issued to the residents of Kumblam Gram Panchayat. As per the correspondence between the company and Government of Kerala a sum of Rs.56.63 Lakhs is due to CPRCL. The company has provided a sum of Rs.4.99 Lakhs as recoverable from them. As informed to us the balance amount is due to the Tolling agencies who were employed during the period from start of toll plaza till 31st March 2017. But the company has neither shown any liability towards them in their books. Moreover the tolling agencies have never demanded this money and there is no correspondence on record between CPRCL and the tolling contractors in this regard.

Note. 27

In view of the losses, no provision for income tax is required to be made.

Note - 28

The company is having unabsorbed losses as per Income Tax Act, 1961. In the absence of virtual certainty of sufficient future of taxable income, deferred tax Asset/Liability is not recognized as a matter of prudence in compliance with Accounting Standard-22.

Note. 29

The company being a wholly owned state controlled Enterprise as defined under Accounting Standard-18 on Relate Party Disclosures, the relationship and transaction with the party is not required with other state control enterprises.

Note· 30

As per the information available, there are no sum payable by the company to Micro, small and medium enterprises under the Micro, sn1all and medium Enterprises Development Act, 2006.

Note· 31

There is no separate reportable segment as per accounting standard AS-17.

Note - 32

As per schedule II of The Companies Act, 2013, the asset of the company viz. "Toll Road" has been classified as "Intangible Assets" created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Private Partnership route, resulting in change in the system of charging depreciation on Intangible assets.

As per the amended system, depreciation on Intangible Assets is to be charged in different years, based on the revenue earnings of the year in proportion to Projected Revenue from Intangible Assets. Reference on the above is given in Para 42 & 43 of the Guidance Note of Accounting for Depreciation in Companies in the context of Schedule II to the Companies Act. 2013 issued by the Chartered Account of India which is reproduced as below:

42. The Ministry of Corporate Affairs (MCA)m, vide its notification G.S.R. 237 (E) dated March 31, 2014, made amendments to clause (ii) of paragraph 3 of Schedule II with regard to amortization of intangible assets. Through the amendments, the MCA provides that revenue-based methodology 'may be' used for amortization of intangible assets (Toll Roads) created under 'Build, Operate and Transfer' (BOT), 'Build, Own, Operate and Transfer (BOOT)' or any other form of public private partnership (PPP) route in case of road projects.

43 The words 'may be' used in clause (ii) of paragraph 3 of Schedule II indicates that revenue-based amortization as provided in Schedule II is optional and not mandatory. Moreover, the option is available only for intangible assets arising from toll road projects. Therefore, a company can follow a basis other than revenue-based amortization for intangible assets arising from toll road projects. Intangible assets other than those arising from toll-roads should be amortized in accordance with Accounting Standards (AS) 26, Intangible Assets, notified under the Companies (Accounting Standards) Rules, 2006.

Hence, in view of above, the management has decided to continue the amortization of tolling rights on the basis of remaining useful life based on the following grounds:

1. Future Revenue of the company cannot be determined on year to year basis, as the toll revenue depends of the highest bid amount offered to the company by toll collecting agency from time to time.

2. The tolling rights have to be amortised within concession period.

Whereas NHAI in the year 2015-16 has appointed a new concessionaire under OMT Scheme from whom a fixed amount is being charged against tolling. Due to this the view of management as mentioned above becomes invalid and method of depreciation should be changed. But management have decided not to change the depreciation method, even though they have agreed to change the method to CAG.

Note - 33

Other information pursuant to Schedule II of the Companies Act, 2013, other than disclosed in the financial statements are either NIL or not applicable to the company.

Note – 34 Demonetisation

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

Note - 35

Previous year's figures have been regrouped/rearranged wherever considered necessary.

Notes forming part of the financial statements for the year ended 31.03.2016

Note - 22 Contingent Liabilities (In Previous year Rs.1214100000/-}

In the Case of Mecon Gea Energy System (India) ltd. (JV) and National Highways Authority of India (NHAI) on behalf of Cochin Port Road Company Limited(CPRCL). Arbitral Tribunal on 27.12.2015 decide the matter in favour of Mecon Gea Energy System (India} Ltd. (JV) and award is as follows:-

i. Rs.126989266/ (Twelve Crore Sixty nine Lakhs Eighty-nine Thousand Two Hundred and Sixty six only) which is the amount of Bank Guarantee encashed by CPRCL plus Interest @12% P.a. thereon from 28.05.2007 till the date of payment.

ii. Directed to pay interest @12% P.a. on Rs.1498035/-(Fourteen Lakhs Ninety-eight Thousand and Thirty-five only) from 18.07.2007 till 18.07.2008 on which day the amount of retention money was remitted to the account of claimant.

iii. Aggrieved by the order dated - 27.12.2015 of Arbitral Tribunal NHAI on behalf of CPRCL filed an appeal wide O.M.P No.95/2016 before Hon'ble High Court and the case is still pending before Hon'ble High Court.

Note - 23 All the Directors of the company are holding office in company as nominees of National Highways Authority of India, the Parent organization, no payment has been made to them as salary/ allowance or otherwise.

Note - 24 the liability by acturial valuation is not worked out in case of employees deputed by NHAI as required in "AS 15 -Accounting for Retirement Benefits in the financial statements of the Company".

Note - 25 In view of the losses, no provision for income tax is required to be made

Note - 26 The company is having unabsorbed losses as per Income Tax Act, 1961. In the absence of virtual certainty of sufficient future of taxable income, deferred tax Asset/Liability is not recognized as a matter of prudence in compliance with Accounting Standard - 22.

Note - 27 The company being a wholly owned state controlled Enterprise as defined under Accounting Standard -18 on Related Party Disclosures, the relationship and transaction with the party is not required with other state controlenterprises

Note - 28 As per the information available, there are no sum payables by the company to Micro, small and medium enterprises under the Micro, small and medium Enterprises Development Act, 2006.

Note - 29 There are no separate reportable segment as per accounting standard -AS-17.

Note-30

As per The Co. Act,2013 Intangible Assets (Toll Road) created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Private Partnership route , in the Schedule II of the

Companies Act 2013, resulting in change in the system of Depreciation on Intangible assets.

As per the amended system, depreciation on Intangible Assets is to be charged in different years, based on the revenue earnings of the year in proportion to Projected Revenue from Intangible Assets.

The Ministry of Corporate Affairs (MCA)m, vide its notification G.S.R. 237 (EJ dated March 31, 2014, made amendments to clause (ii) of paragraph 3 of Schedule II with regard to amortization of intangible assets. Through the amendments, the MCA provides that revenue-based methodology 'may be' used for amortization of intangible assets (Toll Roads) created under 'Build, Operate and Transfer' (BOT), 'Build, Own, Operate and Transfer (BOOT)' or any other form of public private partnership (PPP) route in case ***of*** *road projects.*

Hence, in view of above, the management has decided to continue the amortization of tolling rights on the basis of remaining useful life bas on the following grounds:

1. Future Revenue cannot be determined every on year to year basis as the toll revenue depends of the highest bid amount offered to the company by toll collecting agency from time to time
2. The tolling rights have **to** be amortised within concession period.

Note- 31

Other information pursuant to Schedule II of the Companies Act, 2013, other than disclosed in the financial statements are either NIL or not applicable to the company.

Note - 32 previous year's figures have been regrouped/ rearranged wherever considered necessary.

Notes forming part of the financial statements for the year ended 31.03.2015

Contingent Liabilities

Note·23

Claim against the company not acknowledged as debt Rs.1214100000/-previous year Rs.1 214100000/-)

One of the contractors has filed the claim for termination of contract on the non-performance of contract and bank guarantee was invoked. Company has lodged a case before the Hon'ble Delhi High Court agrieved by the order of the arbitral tribunal and contract claim is still pending before the arbitral tribunal.

Note - 24

All the Directors of the company are holding office In company as nominees of National Highways Authority of India, the Parent organization, no payment has been made to them as salary/ allowance or otherwise.

Note – 25

The liability as actual valuation is not worked out in case of NHAI employees as required in "AS 15 -Accounting for Retirement Benefits in the financial statements of employers".

Note - 26

In view of the losses, no provision for income tax is required to be made.

Note – 27

The company is having unabsorbed losses as per Income Tax Act, 1961. In the absence of virtual certainty of sufficient future taxable income, credit for deferred tax is not recognized as a matter of prudence in compliance with Accounting Standard – 22.

Note- 28

The company being a wholly owned state controlled Enterprise as defined under Accounting Standard - 18 on Related Party Disclosures, no disclosures as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

Note- 29

As per the information available, there are no sum payable by the company to Micro, small and medium enterprises under the Micro, small and medium Enterprises Development Act, 2006.

Note - 30

There is no separate reportable segment as per accounting standard -AS-17.

Note- 31

As per The Co. Act,2013 Intangible Assets (Toll Road) created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Private Partnership route, in the Schedule II of the Companies Act 2013, resulting in change in the system of Depreciation on Intangible assets.

As per the amended system, depreciation on Intangible Assets is to be charged in different years, based on the revenue earnings of the year in proportion to Projected Revenue from Intangible Assets till theend of concession period.

Management is of the opinion that our company is not covered under Public Private Partnership. However we will take the opinion from the experts on the subject. So the Management of the Company has not considered the changes in the depreciation system, as per the amended Schedule II of the Companies Act, 2013 and consequently the effect of the same on the financial statements of the company hasnot been ascertained.

Other information pursuant to Schedule II of the Companies Act, 2013, other than disclosed in the financial statements are either NIL or not applicable to the company.

Previous year's figures have been regrouped/ rearranged wherever considered necessary.

Note 32

As per the Companies Act, 2013, in relation to Intangible Assets (Toll Road) created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Private Partnership route , there has been alterations in the Schedule II of the Companies Act 2013, resulting in change in the system of Depreciation on Intangible assets.

As per the amended system, depreciation on Intangible Assets is to be charged in different years, based on the revenue earnings of the year in proportion to Projected Revenue from Intangible Assets till the end of concession period.

Management is of the opinion that our company is not covered under Public Private Partnership. However we will take the opinion from the experts on the subject. So the Management of the Company has not considered the changes in the depreciation system, as per II of the Companies Act, 2013 and consequently the effect of the same on the financial statements of the company has not been ascertained.

Notes forming part of the financial statements for the year ended 31.03.2014

1. **Contingent Liabilities**

Claim against the company not acknowledged as debt Rs.1214100000/-(previous year Rs.1214100000/-)

One of the contractors has filed the claim for termination of contract on the non-performance of contract and bank guarantee was invoked. Company has lodged a case before the Hon'ble Delhi High Court agrieved by the order of the arbitral tribunal and contract claim is still pending before the arbitral tribunal.

2. All the Directors of the company are holding office in company as nominees of National Highways Authority of India, the Parent organization; no payment has been made to them as salary / allowance or otherwise.

3. The liability as actual valuation is not worked out in case of NHAI employees as required in "AS 15 -Accounting for Retirement Benefits in the financial statements of employers".

4. In view of the losses, no provision for income tax is required to be made.

5. The company is having unabsorbed losses as per Income Tax Act, 1961. In the absence of virtual certainty of sufficient future taxable income, credit for deferred tax is not recognized as a matter of prudence in compliance with Accounting Standard –22.

6. The company being a wholly owned state controlled Enterprise as defined under Accounting Standard – 18 on Related Party Disclosures, no disclosures as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

7. As per the information available, there is no sum payable by the company to Micro, small and medium enterprises under the Micro, small and medium Enterprises Development Act, 2006.

8. There is no separate reportable segment as per accounting standard – AS-17.

9. Bill amounting to Rs.30460940/-(Three Crore Four Lac Sixty Thousand Nine Hundred and Forty) of a Contractor relating to the Toll Plaza has been submitted by the party. Out of Which Rs.56,,19,371/-(Fifty Six Lacs Nineteen Thousand Nine Three Hundred & Seventy One) has been deducted on account of work done not as per NHAI. Further Rs.13600000/-(One Crore Thirty Six Lacs) has already been paid in advance. As per Concerned Official`s Comment the balance amount of Rs.11241569/- (One Crore Twelve Lacs Forty One Thousand Five Sixty Nine i.e.30460940 - 5619371-13600000/-) should be shown in the contingent liability. Accordingly Rs.13600000/-(One Crore Thirty Six Lacs) Should have been capitalized and Amortization should have been done for Current year & Previous year which comes to Rs. 7,24,880/- (724880/-) and Rs.1476960/- (7,52,080). The same has not been provided due to pending approval of the Board of Directors.

10. As per notification No. G.S.R. 298(E)[F.No. 17/292/2011, CL-V]. Dated 17.04.2012 in relation to Intangible Assets (Toll Road) created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Private Partnership route , there has been alterations in the Schedule XIV of the Companies Act 1956, resulting in change in the system of Depreciation on Intangible assets.
As per the amended system, depreciation on Intangible Assets is to be charged in different years , based on the revenue earnings of the year in proportion to Projected Revenue from Intangible Assets till the end of concession period. Management is of the opinion that our company is not covered under Public Private Partnership. So the Management of the Company has not considered the changes in the depreciation system, as per the amended Schedule XIV of the Companies Act, 1956 and consequently the effect of the same on the financial statements of the company has not been ascertained.

11. Prior Period Expenses-Rs. 1,058/- charged to Statement Of Profit & Loss on account of old balances written off.

12. Other information pursuant to Schedule VI of the Companies Act, 1956, other than disclosed in the financial statements are either NIL or not applicable to the company.

13. Previous year's figures have been regrouped / rearranged wherever considered necessary.

Notes forming part of the financial statements for the year ended 31.03.2013

1. **Contingent Liabilities**

Claim against the company not acknowledged as debt Rs.1214100000/-(previous year Rs.1214100000/-)

One of the contractors has filed the claim for termination of contract on the non-performance of contract and bank guarantee was invoked. Company has lodged a case before the Hon'ble Delhi High Court aggrieved by the order of the arbitral tribunal and contract claim is still pending before the arbitral tribunal.

2. All the Directors of the company are holding office in company as nominees of National Highways Authority of India, the Parent organization; no payment has been made to them as salary / allowance or otherwise.

3. The liability as actual valuation is not worked out in case of NHAI employees as required in "AS 15 - Accounting for Retirement Benefits in the financial statements of employers".

4. In view of the losses, no provision for income tax is required to be made.

5. The company is having unabsorbed losses as per Income Tax Act, 1961. In the absence of virtual certainty of sufficient future taxable income, credit for deferred tax is not recognized as a matter of prudence in compliance with Accounting Standard – 22.

6. The company being a wholly owned state controlled Enterprise as defined under Accounting Standard – 18 on Related Party Disclosures, no disclosures as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

7. As per the information available, there are no sum payables by the company to Micro, small and medium enterprises under the Micro, small and medium Enterprises Development Act, 2006.

8. There are no separate reportable segments as per accounting standard – AS-17.

9. Bill amounting to Rs.30460940/-(Three Crore Four Lac Sixty Thousand Nine Hundred and Forty) of a Contractor relating to the Toll Plaza has been submitted by the party. Out of Which Rs.56,19,371/-(Fifty Six Lacs Nineteen Thousand Nine Three Hundred & Seventy One) has been deducted on account of work done not as per NHAI. Further Rs.13600000/-(One Crore Thirty Six Lacs) has already been paid in advance. As per Concerned Official`s Comment the balance amount of Rs.11241569/- (One Crore Twelve Lacs Forty One Thousand Five Sixty Nine i.e.30460940 - 5619371-13600000/-) should be shown in the contingent liability. Accordingly Rs.13600000/-(One Crore Thirty Six Lacs) should have been capitalized and Amortization should have been done for Current year & previous year which comes to Rs. 7,24,880/- (NIL) and Rs.7,52,080//- (7,52,080). The same has not been provided due to pending approval of the Board of Directors.

10. As per notification No. G.S.R. 298(E)[F.No. 17/292/2011, CL-V]. Dated 17.04.2012 in relation to Intangible Assets (Toll Road) created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Private Partnership route , there has been alterations in the Schedule XIV of the Companies Act 1956, resulting in change in the system of Depreciation on Intangible assets. As per the amended system, depreciation on Intangible Assets is to be charged in different years, based on the revenue earnings of the year in proportion to Projected Revenue from Intangible Assets till the end of concession period.
Management is of the opinion that our company is not covered under Public Private Partnership. However we will take the opinion from the experts on the subject. So the Management of the Company has not considered the changes in the depreciation system, as per the amended Schedule XIV of the Companies Act, 1956 and consequently the effect of the same on the financial statements of the company has not been ascertained.

11. Prior Period Expenses-Rs.211917.00 charged to Statement of Profit & Loss on account of Rs.117850/-

Legal & Professional charges, Rs.81910/- on account of Exps. on Toll Collection and Rs.12157/-on account of Audit Fee.

12. Other information pursuant to Schedule VI of the Companies Act, 1956, other than disclosed in the financial statements are either NIL or not applicable to the company.

13. Previous year's figures have been regrouped / rearranged wherever considered necessary.

Statement of Accounting Ratios **Annexure-VII**

PARTICULARS	2017	2016	2015	2014	2013
Earnings per share Basic	(3.89)	(3.49)	(3.86)	(3.38)	(3.36)
Earnings per share Dilutive	(3.89)	(3.49)	(2.99)	(2.61)	(2.60)
Return on net worth (%)	-	-	-	-	-
Net asset value per equity share (`)	-9.47	-5.58	-5.63	-1.77	1.61
Weighted average number of equity shares outstanding during the year / period (in crore)	5.79	5.57	4.48	4.48	4.48
Total number of share outstanding at the end of the year / period (in crore)	5.79	5.79	4.48	4.48	4.48
Debt Equity Ratio	-3.44	-5.30	-6.43	-18.65	19.90

Notes:

The ratios have been computed as below:

Earnings per Share (`) = Profit after tax / Number of equity shares at the end of the year.

Return on net worth (%) = Profit after tax / Net Worth at the end of the year.

Net asset value per equity share (Rs.) = Net worth at the end of the year / Number of equity shares outstanding at the end of the year

Debt equity = Total Debt outstanding at the end of the year / Net worth at the end of the year.

Debt= non-current liabilities + current maturities of long term debt.

Annexure - VIII

Qualification/Emphasis of Matter paragraph to Auditors' Reports:

Year ended March 31, 2017

Opinion

In our opinion and to best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

Emphasis of Matter

In the year 2015-16NHAI the of the has appointed a new concessionaire under OMT scheme from Ch. KM 342.00 to Ch. KM 358.75 in the state of Kerala (package OMT-23) on a toll fees of Rs. 414 lakhs yearly (with an increase every year) for a period of 9 (Nine) years in comparison to toll fees of around Rs. 900 lakhs yearly of earlier concessionaire/s. However, the earlier year's concessionaires were not appointed under OMT scheme. The company itself was a concessionaire appointed by NHAI and so post appointed of another concessionaire there remain, in fact, no active role of the company. NHA/ is still sharing the toll revenue with company but the company has decided to wind up its operation in its board meeting held on 8th March 2017.

Year ended March 31, 2016

Opinion

In our opinion and to best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Loss **and** its Cash Flow for the year ended on that date.

Emphasis of Matter

The company has appointed concessionaire under OMTScheme from Ch.Km. 342.00 to Ch.Km. 358]5 in the state of kerala (package OMT23) to the concessionaire on concession/toll fees of 4.14crore yearly for a period of 9(nine) years in comparison to toll fees of Rs.9.00crore yearly of earlier concessioners.

However the earlier concessioners were not appointed under OMTScheme.

Year ended March 31, 2015

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit/loss and its cash flows for the year ended on that date.

Subject to:
Refer Note No-32 regarding Calculation of Depreciation/amortization amount on Toll Road according to the New companies Act, 2013 in the schedule II of the Companies. Act. 2013. The effect of the same on the profitability of the company has not been ascertained by the company. Hence, cannot be commented upon.

Emphasis of Matters
We draw attention to the following matters in the Notes to the financial statements:

a.) We draw attelltion to Note No. 25 to the financial statement. The effect of the same on financial statement cannot be ascertained.
b.) Note 23 to the financial statements which, describes the uncertainty related to the outcome of the lawsuit filed against the Company by the Contractor.
c.) As per the new Companies Act.2013 Depreciation on Fixed assets has been charged on the basis of useful life resulting in change in the system of Depreciation the Depreciation is excess charged on Tangible assets by Rs.2263/-(Rs.7737.00-Rs.5474.00)

Our opinion is not modified in respect of these matters.

Year ended March 31, 2014

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

Subject to:

a) **Refer Note No. 31** regarding capitalization of pending bill of a contractor, loss is under stated by Rs. 22,29,040/- in current year and Toll Road & bridges has been by Rs. 11370960/-

b) Refer **Note No-32** regarding Calculation of amortization amount according to the alteration in the schedule XIV of the Companies Act, 1956 vide notification dated 17-4-2012, the effect of the same on the profitability of the company has not been ascertained by the company. Hence, cannot be commented upon.

And without qualifying our opinion

c) We draw attention to **Note No. 25** to the financial statements. The effect of the same on financial statement cannot be ascertained.

(i) In the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014; and

(ii) In the case of the statement of profit and loss, of the Loss for the year ended on that date;

(iii) In the case of the cash flow statement of the cash flow of the company for the year ended on that date.

Year ended March 31, 2013

Opinion

1. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

Subject to:

a) **Revised Note No. 9** to the Notes to Accounts forming part of the financial statements regarding capitalization of pending bill of a contractor, loss is under stated by Rs. 15,04,160/- in current year and Toll Road & bridges has been by Rs. 1,20,95,840/- b) Refer **Revised Note No-10** to the Notes to Accounts forming part of the financial statements regarding Calculation of amortization amount according to the alteration in the schedule XIV of the Companies Act, 1956 vide notification dated 17-4-2012, the effect of the same on the profitability of the company has not been ascertained by the company. Hence, cannot be commented upon.

And without qualifying our opinion

c) We draw attention to **Revised Note No. 3** to the Notes to Accounts forming part of the financial statements. The effect of the same on financial statement cannot be ascertained.

INDEPENDENT AUDITOR'S REPORT

The Board of Members

NATIONAL HIGHWAY AUTHORITY OF INDIA

G-5&6, Sector-10, Dwarka, New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), IN THE FINANCIAL YEAR 2018-2019 ("ISSUE").

1. We have read the reformatted financial information of **Indian Highways Management Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Tax Free Bonds/Auditor/2015-16 dated September 6, 2018, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2017, 2016, 2015, 2014 and 2013, which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2016-17	T R Chadha & Co. LLP
2015-16	T R Chadha & Co. LLP
2014-15	T R Chadha & Co.
2013-14	T R Chadha & Co.
2012-13	T R Chadha & Co.

We have placed reliance on the audit reports of these auditors for the respective years.

2. Management's Responsibility

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Revised Schedule III of the Companies Act.

3. Auditor's Responsibility

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013,and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. Financial Information as per Audited Financial Statements

We have read the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2013 to 31st March, 2017 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Schedule III of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2017. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013.

v. The extraordinary items have been adequately disclosed separately in the Statement of

Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 which are reproduced in Annexure VIII.

5. *Attention is* **drawn** *to the following*:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, adjustments of amounts pertaining to mathematical accuracy and adjustment of amounts arising out of auditor's qualifications.

The following table indicate the differences in Balance sheet of the following year as mentioned below:

PARTICULARS	**As Per Audited Financials (31st March, 2015-Closing)** **(Amount in Rs.)**	**As Per Audited Financials (31st March, 2016-Opening)** **(Amount in Rs.)**
OTHER CURRENT LIABILITIES Payable to NHAI for salary & other costs to personnel deployed by NHAI	0	8,281,397
OTHER CURRENT LIABILITIES Othery Payable	0	(12,315,056)

6. Other *Reformatted* Financial Information of the Company:

At the company's request we have read the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 (Annexure VII)

7. *Opinion*

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of

this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner

Membership No- 098358

Date: 25 September 2018
Place: Ghaziabad

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

CIN: U74140DL2012PLC246662

Reg Office: NHAI HQ, Plot G-5 & 6, Sector-10, Dwarka, New Delhi-110075

REFORMATTED BALANCE SHEET

Particulars	Notes	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
I. EQUITY AND LIABILITIES						
(1) Shareholder's Funds						
(a) Share Capital	3	1,812.43	1,812.43	1,812.43	33.88	6.00
(b) Reserves and Surplus	4	929.04	271.03	-73.28	-56.97	-28.09
		2,741.46	2,083.46	1,739.15	-23.09	-22.09
(2) Share application money pending allotment		-	-	-	-	27.88
(3) Non-Current Liabilities						
(a) Long-Term Provisions	5	3.43	0.97	0.47	-	-
(b) Other Long-Term Liabilities	6			1,756.87	-	-
(4) Current Liabilities						
(a) Other Current Liabilities	7	10,767.83	7,441.83	906.79	81.19	0.21
(b) Short-Term Provisions	8	18.06	0.00	-	-	-
		-	-	-	-	-
TOTAL		**13,530.79**	**9,526.26**	**4,403.28**	**58.10**	**6.00**
II. ASSETS						
(1) Non-Current Assets						
(a) Fixed assets	9	2.05	1.32	0.73	-	-
(b) Intangible Assets	10	0.79	1.10	1.40	-	-
(c) Deferred Tax Assets	11	0.81	0.12	-	-	-
(d) Long Term Loans & Advances	12	719.83	719.83	8.12	0.22	-
(e) Other Non Current Assets	13	0.00	0.00	.03		-
(2) Current Assets						
(a) Trade Receivables	14	3,504.53	144.94	5.15	-	-
(b) Cash and Cash Equivalents	15	1,039.67	8,635.94	4,346.77	57.88	6.00
(c) Short-term loans and advances	16	0.20	0.15			
(d') Other current assets	17	8,262.92	22.86	41.08	-	-
TOTAL		13,530.79	9,526.26	4,403.27	58.10	6.00

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

CIN: U74140DL2012PLC246662

Reg Office: NHAI HQ, Plot G-5 & 6, Sector-10, Dwarka, New Delhi-110075

REFORMATTED STATEMENT OF PROFIT & LOSS

SLNo.	PARTICULARS	NOTES	For the year ended 31 Mar 17	For the year ended 31 Mar 16	For the year ended 31-Mar-15	For the year ended 31 Mar 14	For the year ended 31 Mar 13
I.	**Revenue from operations**	18	3,057.18	141.36	6.37	12.04	
II.	**Other Income**	19	309.11	485.51	103.81	2.28	
III.	**Total Revenue**		3,366.29	626.87	110.18	14.32	0.00
IV	**Expenses:**						
	Employee Benefits Expense	20	71.04	64.88	39.94	16.26	
	Finance Costs	21	21.35	0.11	-	-	
	Depreciation & Amortisation Expense		0.75	0.62	0.14	26.95	
	Other Expenses	22	2,272.22	45.66	63.87	-	28.09
	Prior Period Expenses	23	0.38	0.44	20.58	-	
	Total Expenses		2,365.74	111.70	124.53	43.20	28.09
V	**Net Profit/(Loss) before tax**		1,000.55	515.17	-14.36	-28.88	-28.09
IV.	Tax Expense:						
	(1)Current Tax		343.24	170.71	-1.95		
	(2)Earlier Years			0.27			
	(3)Deferred Tax		-0.69	-0.12			
	(4) Fringe Benefit Tax						
	Excess provision for FBT in earlier years written back						
	Excess provision for Income tax in earlier years						
	Net Profit/(Loss) after tax		658.00	344.31	-16.31	-28.88	-28.09
V.	**Earnings per equity share of Face value of 10/- each :**	24	3.64	1.90	-0.17	-11.51	-248.00
	Basic & Diluted						

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

CIN: U74140DL2012PLC246662

Reg Office: NHAI HQ, Plot G-5 & 6, Sector-10, Dwarka, New Delhi-110075

REFORMATTED CASH FLOW STATEMENT

(Amounts in Rs. Lakhs)

	PARTICULARS	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015	For the year ended 31.03.2014	For the year ended 31.03.2013
A	**Cash Flow from Operating Activities:**					
	Net Profit/ (Loss) before Tax	**1,000.55**	**515.17**	**-14.36**	**-28.88**	**-**
	Add: Adjustment for:-					
	Depreciation & Amortisation Expenses	0.75	0.62	0.14	-	-
	Interest Income	-308.81	-484.63	-99.46	-2.23	-
	Provision for Employee Benefits	2.49	0.50	0.47	-	-
	Finance costs	21.35	0.11	-	-	-
	Tax Paid	-	-	-	-	-
	Net cash from operating activities before Extraordinary	-	-	-	-	-
	Item and in working capital changes	-	-	-	-	-
	Extraordinary Item (Prior Period Income)	-	-	-	-	-
	Operating Profit/(Loss) before Working Capital changes	**716.33**	**31.76**	**-113.20**	**-31.11**	**-**
	Changes in Working Capital: -					
	Increase / (Decrease) in Current Liabilities	3,331.85	4,818.50	825.61	80.98	-
	(Increase) / Decrease in Trade Receivable	-3,359.58	-139.79	-5.15	-	-
	(Increase)/ Decrease in short term loans and advances and other current	-8,236.77	-12.19	-40.37	-	-
	(Increase)/ Decrease in other Bank Balances	-	-	-3,500	-	-
	(Increase)/ Decrease in Long term Liabilities	-	-	1,756.87	-	-
	Cash flow after Woking Capital Changes	-7,548.17	4,698.28	-1,076.24	49.86	-
	Income Tax Paid and/ or FBT	-325.21	-882.66	-9.84	-0.22	-
	Net Cash(used) from Operating Activities (A)	**-7,873.38**	**3,815.62**	**-1,086.08**	**49.64**	**-**
B	**Cash Flow from Investing Activities:**					
	Purchase of Property, Plant and equipment	-1.18	-0.90	-2.27	-	-
	Interest Received	305.48	474.55	98.72	2.23	-
	Movement in Fixed deposits (net)	-18.69	2977.72	-	-	-
	Net cash from Investing Activities (B)	**285.61**	**3451.37**	**96.45**	**2.23**	**-**

C	**Cash Flow from Financing Activities:**					
	Finance cost paid	-21.35	-0.11	-	-	-
	Issue in Share Capital	-	-	1778.54	-	-
	Net cash generated from Financing activities (C)	**-21.35**	**-0.11**	**1778.54**	**-**	**-**
	Increase/(Decrease) In Cash and Cash Equivalents	**-7609.12**	**7266.89**	**788.90**	**51.87**	**-**
	Add: Balance in the beginning of the year	8107.82	846.77	57.87	6.00	-
	Balance at the end year	**498.70**	**8,113.66**	**846.77**	**57.87**	**-**
						-
	Components Cash and Cash Equivalent					-
	Balance with banks					-
	-In current accounts	0.94	0.59	846.77	57.78	-
	- In deposit accounts with maturity of less than 3 months	497.76	8113.07	-	0.09	-
	Less: Book Overdraft	-	-	-	-	
	Cash And Cash Equivalents as per financial statement	**498.70**	**8,113.66**	**846.77**	**57.87**	**-**

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED
NOTES TO REFORMATTED FINANCIALSTATEMENTS

3. SHARE CAPITAL	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014	AS AT 31.03.2013
Authorized Shares					
4,00,00,000 (PY - 4,00,00,000) Equity Shares of Rs. 10/-each	4,000	4,000	4,000	4,000	4,000
	4,000	**4,000**	**4,000**	**4,000**	**4,000**
Shares Issued Subscribed & Fully Paid up					
Equity Shares Rs. 10/- each	1812.43	1812.43	1812.43	33.88	6.00
	1812.43	**1812.43**	**1812.43**	**33.88**	**6.00**

3.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014	As at 31.03.2013
Number of Shares outstanding as at beginning of the year	181.24	181.24	3.39	0.60	-
Add: Shares issued/(redeemed) during the year	-	-	177.85	2.79	0.60
Number of Shares outstanding as at end of the year	**181.24**	**181.24**	**181.24**	**3.39**	**0.60**

3.3 Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held is as given below:

Name of Shareholder	As at 31.03.2017		As at 31.03.2016		As at 31.03.2015		As at 31.03.2014		As at 31st March, 2013	
	No of Shares	Percentage	No of Shares	Percentage	No of Shares	Percentage	No of Shares	Percentage	No. of Shares	Percentage
National Highways Authority of India	75	41.38%	75	41.38%	75	41.38%	2.78	82.29	-	-
Shapoorji Pallonji Roads Private Limited	-	-	-	-	5.55	3.06%	0.30	8.85	0.30	50.00%
ICICI Bank Limited	15	8.27%	15	8.27%	15	8.27%	-	-	-	-
Axis Bank Limited	15	8.27%	15	8.27%	15	8.27%	-	-	-	-
L & T Infrastructure Finance Company Limited	15	8.27%	15	8.27%	15	8.27%	-	-	-	-
IRB Infrastructure Developers Limited	-	-	-	-	-	-	-	-	0.05	8.33%
Abhijeet Roads Limited	-	-	-	-	-	-	-	-	0.05	8.33%
PNC Infratech Limited	-	-	-	-	-	-	-	-	0.05	8.33%
Essel Infraprojects Limited	-	-	-	-	-	-	-	-	0.05	8.33%
IL & FS Transportation Networks Limited	-	-	-	-	-	-	-	-	0.05	8.33%

Gammon Road Infrastructure Limited	-	-	-	-	-	-	-	-	0.05	8.33%
Total	**12**	**66.19%**	**12**	**66.19%**	**12**	**66.19%**	**0.31**	**91.15%**	**0.60**	**100%**

4. RESERVES AND SURPLUS	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
Surplus					
Balance at the beginning of the year	271.03	-73.28	-56.97	-28.09	-
Add: Profit during the year	658.00	344.31	-16.30	-28.88	-28.09
Balance at the end of the year	**929.03**	**271.03**	**-73.28**	**-57.97**	**-28.09**

5. LONG TERM PROVISIONS	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
	0.00	0.00	0.00	-	-
Provision for Employee Benefits	3.43	0.97	0.47	-	-
	3.43	**0.97**	**0.47**	-	-

9. FIXED ASSET	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
PARTICULARS					
Tangible Assets					
Property, Plant and equipment and	0.76	-	-	-	-
Furniture & Fixtures	0.18	0.20	0.22	-	-
Computer	1.11	0.34	0.51	-	-
Office equipment	**2.05**	0.77	**0.73**	**-**	**-**
Total	**1.32**	**1.31**	**-**	**-**	**-**
Previous year	0.00	0.00	0.00	**-**	**-**
Intangible Assets					
Website	0.48	0.67	0.87	-	-
Computer Software	0.32	0.42	0.53	-	-
Total	**0.79**	**1.10**	**1.40**	**-**	**-**
Previous year	**1.10**	**1.40**	**-**	**-**	**-**
Grand Total	**2.84**	**2.42**	**2.13**	**-**	**-**

Previous year	**2.42**	**2.13**	**-**	**-**	**-**
7. OTHER CURRENT LIABILITIES	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
a) Payable to NHAI for salary & other costs to personnel deployed by NHAI*	133.82	114.96	-	-	-
b) Payable on account of N HAI project expenditure	3,201.41	2,394.67	220.21	-	-
c) Receipts on account of Over Weight and Over Dimensional Vehicles**	3,392.16	1,870.81	599.35	-	-
d) Duties & Taxes Payable	143.77	113.41	14.17	0.25	-
e) Expenses Payable	16.67	12.53	8.07	40.73	-
f) Book Overdraft	-	5.84	0.00	-	0.00
g) Earnest Money Deposit	10.00	5.00	65.00	40.00	-
h) Others payables	-	2,924.61	-	-	0.21
Audit fee Payable	-	-	0.00	.21	-
-Payable to NHAI for project Advance received*	-	-	-	-	-
-Liability for cashback to customers	3,870.01	-	0.00	-	-
	10,767.83	**7,441.83**	**906.80**	**81.19**	**0.21**
8. SHORT TERM PROVISIONS	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
Provision for Employee Benefits	0.03	0.00	-	-	-
Others	-	-	-	-	-
-Provision for Income Tax (Net of TDS and Advance Tax) *	18.03	-	-	-	-
*Net of TDS and Advance tax of 43,26,07,611 (PY Rs. Nil)	**18.06**	**0.00**	**-**	**-**	**-**

11. DEFERRED TAX ASSETS (NET)	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
Deferred Tax Liability					
Difference between depreciation as per Companies Act, 2013 and Income Tax Act, 1961	0.17	0.20	0.13	-	-
Deferred Tax Assets					
Disallowances of Gratuity expense & Leave Encashment	0.98	0.32	0.13	-	-
Deferred Tax Asset (Net)	**0.81**	**0.12**	**-**	-	-

6. OTHER LONG-TERM LIABILITIES	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
Others					
Advance from NHAI for ETC Project (Adjusted for Amount Utilized for ETC Project of Rs. 2,20,32,750)	-	-	1,756.87	-	-
	-	-	**1,756.87**	-	-

12. LONG TERM LOANS & ADVANCES	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**

(Unsecured, considered good)					
Security Deposit	0.03	0.03	0.00	0.00	0.00
Income Tax Advances(Net of provision for tax) *	719.80	719.80	8.12	0.22	-
	719.83	**719.83**	**8.12**	**0.22**	**-**
14. TRADE RECEIVABLE	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
(Unsecured, considered good, except otherwise stated)					
Outstanding exceeding six months from due date	70.16	-	-	-	-
Others	3,434.37	144.94	5.15	-	-
	3504.53	*144.94*	*5.15*	-	-
15. CASH AND BANK BALANCES	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
a) Cash & Cash Equivalents					
Balances with Banks					
- in Current Accounts	0.94	0.59	846.77	57.79	6.00
b) Imprest A/c			-	0.08	0.00
- in deposit accounts with maturity of less than 3 months	497.76	8,113.07	-	-	-
	498.70	**8,113.66**	**3,500.00**	**-**	**-**
b) Other Bank Balance (Fixed Deposits)	540.97	522.28	0.00	0.00	-
Total (a+b)	**1,039.67**	**8,635.94**	**4346.77**	**57.87**	**6.00**
16. SHORT TERM LOANS & ADVANCE	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
(Unsecured, considered good)					
Other Advances (Imprest)	0.19	0.15	-	-	-
	0.19	**0.15**	**-**	**-**	**-**
17. OTHER CURRENT ASSETS	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**

Interest Receivable on Fixed Deposits	14.15	10.82	0.74		
Prepaid Expenses	0.61	-	0.00		
Unbilled Revenue	20.26	12.05			
Receivable from National Highways Authority of India (NHAI)*	8,227.90	-	40.34		
	8,262.92	**22.86**	**41.08**	**-**	**-**
13. OTHER NON-CURRENT ASSETS	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
Security Deposit	-	-	0.03	-	-
	0.00	0.00	0.03	0.00	0.00
18. REVENUE FROM OPERATIONS	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
Sale of Services					
-Management Fee from NHAI Projects	122.82	123.60	5.15	-	-
-Management Fee from National Green Highways Mission	31.79	3.12	-	0.00	-
Other Operating-Revenue					
-Revenue from ETC Operations	2,898.45	-	1.22	-	0.00
-Traffic Data Sharing Fees	4.12	1.75	-	0.00	0.00
-Management Consultancy on other Projects	-	12.90	-	0.00	-
User Fees	0.00	0.00	0.00	12.04	-
	3,057.18	**141.36**	**6.37**	**12.04**	**-**
19. OTHER INCOME	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
Interest Income on Deposits	308.81	484.63	99.46	2.23	0.00
Miscellaneous Income	0.30	0.88	4.35	0.05	0.00
Total	**309.11**	**485.51**	**103.81**	**2.28**	**-**

20. EMPLOYEES BENEFIT EXPENSES	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at 31.03.2014	As at 31.03.2013
Salaries and Wages	68.46	64.08	39.60	16.21	-
Contribution to provident fund	2.04	-	0.00	0.00	-
Staff welfare expenses	0.54	0.80	0.34	0.04	-
	71.04	**64.88**	**39.94**	**16.26**	-

21. FINANCE COST	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at 31.03.2014	As at 31.03.2013
Interest expense	21.35	0.11	-	-	-
	21.35	**0.11**	-	-	-

22. OTHER EXPENSES	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at 31.03.2014	As at 31.03.2013
Transaction Charges for Managing Central Clearing House-ETC Project)- (Refer note 24.3)	2,159.14	-	-	-	-
Professional & Consultancy Charges	50.67	14.75	4.75	6.54	0.80
Manpower Hiring Expenses	12.89	6.93	1.53	-	-
Office Expenses	0.00	0.00	0.20	6.91	-
Taxi Hire Charges	13.12	6.29	5.98	3.69	-
Travelling Expenses	8.39	8.19	3.91	0.76	-
Tender Expenses	0.00	0.00	0.00	8.47	-
Payment to Auditor -As Auditor	1.23	0.50	0.62	0.21	0.21
-For reimbursement of expenses	0.30	-	0.00	0.00	-
AGM Expenses	2.00	0.87	-	0.00	-
Sitting Fee to Directors	2.53	1.51	0.39	-	-
Conference & Exhibition Expenses	0.00	3.00	9.58	-	-
Fee & Subscription	0.00	0.00	6.64	-	-
Housekeeping Expenses	0.00	0.00	1.56	-	-
Legal and Filing Fee	0.00	0.82	8.10	0.34	27.08
Insurance	0.85	0.00	0.00	0.00	-
Advertisement Expenses	-	0.54	19.30	-	-

Printing and Stationery	0.56	0.77	0.28	0.02	-
Website Hosting & Maintenance Expenses	1.51	1.03	0.84	-	-
Miscellaneous Expenses	19.03	0.46	0.19	0.00	-
	2272.22	**45.66**	**63.87**	**26.95**	**28.09**
23. PRIOR PERIOD ITEMS	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
Revenue from Operations	-	-	-	-	-
Impresst A/c	-	-	-12.04	-	-
NHAI incurred expenses on behalf of IHMCL	-	-	-0.09	-	-
Professional & Consultancy Charges	0.38	0.44	-8.46	-	-
	0.38	**0.44**	**-20.58**	**-**	**-**
24. EARNING PER SHARE	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
Number of Equity Shares of 10 each fully paid up at the beginning of the year	181.24	181.24	3.39	0.60	
Number of Equity Shares of 10 each fully paid issued during the year	-	-	177.85	2.79	0.60
Number of Equity Shares of 10 each fully paid up at the end of the year	181.24	181.24	181.24	3.39	0.60
Weighted Average number of Equity Shares of Rsl0/- each outstanding during the year	180.75	181.24	95.91	2.51	0.11
Net Earnings after tax for the year (Rs.)	658.00	344.31	-16.31	-28.88	-28.09
Earning Per Equity Share of f 10 each					
- Basic	3.64	1.9	-0.17	**-11.51**	-247.7
- Diluted	3.64	1.9	-0.17	**-11.51**	-247.7
23. PAYMENT TO AUDITORS	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at 31.03.2014**	**As at 31.03.2013**
Statutory Audit Fees	-	0.50	0.50	0.19	0.19
Out of Pocket Expenses	-	-	0.12	-	-
Tax Audit Fees	-	-	-	-	-
Service Tax on Audit Fees	-	-	-	0.02	0.02
Other Services	-	-	-	-	-
Total	**-**	**0.50**	**0.62**	**0.21**	**0.21**

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

Notes forming Part of Financial Statement (2016-17) (2015-16)

1. Background

Indian Highways Management Company Limited had been incorporated in the year 2012. The object of the company is to provide services pertaining to management of toll collection of National Highways through electronic toll systems; to assess the volume of traffic and to standardize the process of data collection and creating of central data repository through Traffic Surveys using portable ATCC; to provide standardized and hygienic facilities through Ways Side Amenities project; Setting up and operationalizing 24x7 Helpline (Call Centre)-"1033" for Road Users; Implementation of Toll Management System CCTV Surveillance system along with Weigh in Motion and Static Weigh Bridge which helps in regulating the government weigh enforcement policies and prevent overloading of vehicles; Develop eco friendly National Highways with participation of the community, farmers, NGOs, private sector, institutions, government agencies and the Forest Department for economic growth and development in a sustainable manner.

2. Significant accounting policies

1.1 Basis of preparation of Financial Statements These financial statements have been prepared and presented on a going concern basis under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Section 133 of the Companies Act, 2013 (‘the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013/Companies Act, 1956, as adopted consistently by the Company.

1.2 Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.3 Fixed Assets and

depreciation Tangible Assets

Tangible fixed assets are carried at cost of acquisition less amount of depreciation charged on yearly basis. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Intangible Assets

Intangible asset represents computer software acquired by the Company carried at cost of acquisition less amortisation The cost of an item of intangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation

Depreciation on fixed assets is provided pro-rata to the period of use, on the Straight Line Method rates worked out based on the useful life and in the manner prescribed in the Schedule II to the Companies Act, 2013.

The useful lives of various assets as per Schedule II are given as under:

Type of asset	Period
Office Equipment	5 Years
Furniture & Fixture	10 Years
Computer Equipment	3 Years
Intangible Assets	5 Years

The company follows component approach as envisaged in Schedule II to the Companies Act, 2013. The approach involves identification of components of the asset whose cost is significant to the total cost of the asset and have useful life different from the useful life of the remaining assets and in respect of such identified components, useful life is determined separately from the useful life of the main asset

Depreciation on additions is provided on a pro-rata basis from the month of acquisition/installation. Depreciation on sale/deduction from fixed assets is provided for up to the date of sale/adjustment, as the case may be.

Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

Intangible assets are amortised on straight line method on pro-rata basis over a period of five years.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash balance with bank and fixed deposits with an original maturity period of three months or less.

2.5 Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. The Revenue recognition is on the basis of specified percentage on the cost incurred by the company on the basis of utilisation of fund for various projects as per contracted terms.

2.6 Foreign Currency Transactions

2.6.1 *Initial Recognition:* Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

2.6.2 *Conversion:* Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.

2.6.3 *Exchange Differences:* Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

2.7 Tax Expenses

Income tax expense comprises current tax (i.e. the amount of tax for the year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets arc recognised only to the extent there is reasonable certainty that the assets can be realised in the future. However, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

2.8.1 Short Term Benefits

Employee benefits (other than post-employment benefits) which fall due wholly within twelve months after the end of the year in which the employees render the related service are recognized at the amount expected to be paid for it.

2.8.2 Post-Employment Benefits

a. Gratuity - Defined Benefit plan

The liability is determined based on actuarial valuation using the Projected Unit Credit Method as at the balance sheet date, 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 rates used for determining the present value of the obligation under defined benefit plan, is based on market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

b. Provident Fund

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to specified percentage of the covered employee's salary.

c. Compensated Absences

The employees of the company are entitled to compensated absences which are both accumulating and non--accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using project unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on the non-accumulating compensated absences is recognized in the period in which the absences occur.

2.9 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss.

2.10 Provisions, Contingent Liabilities and Contingent Assets

A provision arising from claims, litigation, assessment, fines, penalties, etc. is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These are reviewed at each balance sheet date and adjusted to reflect current management estimates. Contingent liabilities are disclosed in respect of possible obligations that have risen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. When there is a possible obligation or present obligation where the likelihood of an outflow is remote, no disclosure or provision is made.

2.11 Earnings Per Share

Basic earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding for the period. Diluted earning per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during period.

2.12 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the assets does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognised.

2.13 Cash Flow Statement

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

Notes forming part of the Financial Statements (2014-15) (2013-14)

1. Background

The Company Indian Highways Management Company Limited had been incorporated in the year 2012. The main object of the company is to provide services pertaining to management of toll collection of National Highways through electronic toll systems.

2. Significant accounting policies

2.1 Basis of preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention on an accrual basis of accounting unless otherwise stated, and in accordance with the generally accepted accounting principles and accounting standards specified under Section 133 of the

Act. read with Rule 7 of the Companies(Accounts) Rules. 2014.

2.2 Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, assets and liabilities and disclosures relating to contingent liabilities as on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

2.3Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and balance in bank in current accounts, deposit accounts and in fixed deposits.

2.4 Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. The Revenue recognition is on the basis of completion of project as per contracted terms.

2.5 Foreign Currency Transactions

2.5.1 *Initial Recognition:* Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

2.5.2 *Conversion:* Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.

2.5.3 *Exchange Differences:* Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

2.6 Tax Expenses

Income tax expense comprises current tax as per Income Tax Act, 1961, fringe benefit tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain, as the case may be. to be realized.

2.7 Employee Benefits

Pursuant to the requirements of AS 15 (revised 2005) on "Employee Benefits", issued by the Institute of Chartered Accountants of India (the standard), the Company provided for employee benefits as per the revised requirements of the Standard Contribution to provident fund and employee state insurance are being paid and accounted as per respective rules and debited to statement of profit and loss. In respect of the gratuity, the valuation is being carried out by the management for the recognition of gratuity. The company has provided for gratuity expenses as per applicable accounting standard.

2.8 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss.

2.9 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

2.10 Earning Per Share

Basic earning per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding for the period. Diluted earning per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during period.

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

Notes forming part of the Financial Statements (2012-13)

1. Background

   The company Indian Highways Management Company limited had been incorporated in year 2012. The main objective of the company is to provide services pertaining to management of toll collection of National Highways through electronic toll system.

2. Significant accounting policies

2.1 Basis of Preparation of Financial Statements.

The financial statements have been prepared and presented under the historical cost convention on the actual basis on the accrual basis of accounting and which further comply with the accounting standards notified under section 211(3C) [companies (accounting standard) Rules, 2006 as amended] and the other relevant provisions of the companies act, 1956.

2.2 Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles (GAAP) in India required management to make estimates and assumptions that affect the reported amounts of income and expenses of the period , asserts and liabilities and disclosures relating to the contingent liabilities as on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

2.3 Cash and Cash Equivalents

Cash and Cash Equivalents comprises cash in hand and balance in Bank in current accounts, deposits and in Fixed Deposits.

2.4 Revenue Recognition

Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. The revenue recognition is on the basis of completion of project as per contracted terms.

2.5 Foreign Currency Transactions

2.5.1 Initial Recognition:- foreign currency transactions are recognised in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of Transaction.

2.5.2 Conversion:- foreign currency monetary items are reported using the closing rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

2.5.3 Exchange differences:- Exchange differences arising on the settlement of monetary items different from those at which they were initially reported during the year, or reported in previous financial statements are recognised as income or as expense in the year in which they arise.

2.5 Tax expenses

Income tax expenses comprises current tax as per income tax act of 1961 fringe benefit tax and effort tax charged on credit reflecting the tax effect the timing differences between accounting income and taxable income for the period before tax charge or credit and the car spawning deferred tax liability is recognised using the tax rates that have been contacted or Expenses income tax expenses comprises current tax income tax act of 1961 fringe benefit tax and effort tax charge on credit reflecting the tax effects the timing differences between accounting income in taxes the deferred tax charge or credit and the car responding to protect levities or East using the tax rates that have been enacted substantively connected by date

Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future, however, where there is observed the presentation or carry forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certinity of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount is reasonable /virtually certain, as the case may be, to be realised.

2.7 Employee benefits

Who is going to do requirements of AS 15 revised 2005 on employees benefit, notified under section 211 3C companies accounting standard rules, 2006 as amended of the companies act 1956, the company provided for employee benefits as per the revised requirement of the standard contribution to Provident fund and employee State insurance are being paid and accounted as per respective rules and debited to the statement of profit and loss. In respect of gratuity, the valuation is being carried out by the management for the recognition of gratuity. The company has not provided any gratuity and leave encashment as there is no employed during the year.

2.8 Borrowing cost

Borrowing costs are attribute to the acquisition or construction of qualifying assets are capitalise as part of the cost of such assets. The qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing cost are changed to statement of profit and loss.

2.9 Provisions contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is the present obligation as a result of past events and it is possible that there will be outflow of resources. Contingent liabilities are not recognise but are disclosed in the rows. Contingent assets are neither recognised nor disclosed in the financial statements.

Notes forming part of the Financial Statements

As per Accounting Standard 15 " Employee benefits", the disclosures as defined in the Accounting Standard are given below:

Defined Benefit Plans:

Valuations in respect of Gratuity have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

Particulars	**(Gratuity)(Unfunded)**			
	2016-17	**2015-16**	**2014-15**	**2013-14**
i) Major Assumptions				
a) Discount Rate (per annum)	7.49%	8%	NA	NA
b) Future Salary increase	8%	8%	NA	NA
c) Rate of Return on Plan Assets	NA	NA	NA	NA
d) Expected Average remaining working lives of employees in number of years	27.36	27.70	NA	NA
ii) Changes in the Present Value of Obligation				

a)	Present Value of Obligation	96,985	47,308	-	-
	as at beginning of the year	-	-	-	-
b)	Acquisition out Liability	7,264	3,785	-	-
	transferred	-	-	-	-
c)	Interest cost	92,451	74,229	47,308	NA
d)	Past service cost	-	-	-	-
e)	Current service cost	(34,313	(28,337)	-	-
f)	Benefits paid	)			
g)	Actuarial gain/ (loss) on		96,985	47,308	NA
	plan assets	1,62,38			
h)	Present Value of obligation	7			
	as at end of the year				
iii)	Change in the Fair value of		-	-	-
	plan assets		-	-	-
a)	Present Value of plan assets	-	-	-	-
	as at beginning of the year	-	-	-	-
b)	Expected Return on plan	-	-	-	-
	assets	-	-	-	-
c)	Employer's contributions	-			
d)	Last year's settlement	-	-	-	-
e)	Benefits paid				
f)	Actuarial gain/ (loss) on	-			
	plan assets				
g)	Fair Value of plan assets as				
	at end of the year				
iv)	Reconciliation of the present		-	-	-
	value of Defined Benefit				
	obligation and the fair value	-	-	-	-
	of assets				
a)	Present value of funded	-	-	-	-
	obligation as at end of the				
	year	-	96,985	47,308	NA
b)	Fair Value of plan assets as		-	-	-
	at end of the year	1,62,3			
c)	Funded (Asset)/ Liability	87	-	-	-
	recognized in the balance	-			
	sheet		96,985	47,308	NA
d)	Present value of Unfunded	-			
	obligation as at end of the				
	year	1,62,3			
e)	Unrecognised past service	87		-	-
	cost		28,337		
f)	Unrecognised Actuarial			-	-
	gains/ (losses)			-	-
g)	Unfunded Net liability	34,313	-		
	recognisted in the balance			-	-
	sheet	-	(28,337)		
v)	Actuarial gain/ (loss)	(34,313)		-	-
	recognized				
a)	Actuarial gain/ (loss) for the	(34,313)	(28,337)		
	year- obligation				
b)	Actuarial gain/ (loss) for the	-	-		
	year- plan assets			47,308	NA
c)	Total (gain)/ loss for the			47,308	NA
	year			-	-
d)	Actuarial gain/ (loss)	1,62,387			
	recognized for the year	1,62,156	96,985	-	-
e)	Unrecognised actuarial	231			
	(gain)/ loss at the end of the		96,802	47,308	NA
	year	-	183		

vi) Amount recognised in the				
Balance Sheet	1,62,387	-	47,308	NA
a) Present value of obligation			-	-
as at end of the year		96,985	-	-
Long terms Provisions	92,451		-	-
Short terms Provisions	-		-	-
b) Fair value of plan assets as	7,264	74,229	-	-
at end of the year	-	-		
c) (Assets)/ liability recognized	(34,313)	3,785	47,308	NA
in the balance sheet	-	-		
vii) Expenses recognized during		(28,337)	47,308	NA
the year	65,402	-		
a) Current Service Cost			-	-
b) Past Service Cost	65,402	49,677		
c) Interest Cost				
d) Expected Return on plan	-	49,677		
assets				
e) Net actuarial (gain)/ loss		-		
f) Employees contribution				
g) Total expenses recognized				
during the year				
h) Expenses recognized in the				
statement of profit and loss				
viii) Expected Employer's				
Contribution for the next				
year				

ix) **Other Disclosure**
Gratuity (Unfunded)

Particulars	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**
Present Value of Obligation at the end of the year	1,62,387	96,985	47,308	-	NA
Fair Value of Plan Assets at the end of the year	-	-	-	-	NA
Surplus/(Deficit)	(1,62,387)	(96,985)	(47,308)	-	NA
Experience adjustments on plan liabilities (Gain)/Loss	-	-	-	-	NA
Experience adjustments on plan assets (Gain)/Loss	-	-	-	-	NA

24. Other Notes: (2016-17)

1. The company has received *Rs* 1,60,00,85,519 till 31.03.2017 from NHAI and Government of India- Ministry of Road Transport and Highways (MoRTH) for execution of Nine projects namely Traffic survey, Electronic Toll Collection, Toll Management System, Time & Motion Study, Road User Helpline, Wayside Amenities, Citizen Centric - You Report, Green Highways Mission and ETC Pool (Cash Back). The company and NHAI are in the process of executing necessary MOU for this purpose. Pending documentation this amount has been shown as other receivables (previous year in other current liabilities) in balance sheet. Against the funds received, the company had utilized sum of ^ 2,42,28,75,577 till 31.03.2017 for implementing these projects including purchase of Electronic Toll Collection (ETC) and other project expenses through contractors on behalf of NHAI/ Government of India- Ministry of Road Transport and Highways. The invoices for ETC equipments and other project

expenses are in the name of the company. However, in accordance with the understanding between NHAI and company, ETC equipments are not the assets of the company and have, therefore not been recorded in the books of company.

2. Management fee @1.5% on the cost incurred by IHMCL on ETC, Traffic Survey projects, Road User Helpline, Way Side Amenities, Toll Management System, Time & Motion Study, Citizen Centric - You Report (on behalf of NHAI), has been accounted for in the books of IHMCL on the basis of the minutes of the meeting held on 26.03.2015 in the Ministry of Road Transport & Highways (MoRTH). In respect of Green Highways Project, management fees @ 15% have been accounted for as per board meeting held on 17.12.2015 in NHAI.

3. Revenue from Electronic toll collection (ETC Operations) @ 4% of the fee collected electronically for managing the National ETC program has been accounted in the books of accounts of IHMCL on the basis of office Memorandum issued by MoRTH vide ref no. H-25011/1/2015 dated 16.02.2016. Further, the company was paying 2.75% of the fee collected electronically to ICICI bank (from April 2016 to November 2016) and 3% of the fee collected electronically to National Payment Corporation of India (NPC1) (from December 2016 onwards) as a fee for their services as collectors of the fee electronically.

4. In the process of Implementation of Electronic Toll Collection, Ministry of Road Transport and Highways (MoRTH) issued an Office Memo dated 16.02.2016 indicating NHAI's proposal to give 10% discount (cash back) to toll road users on electronically paid fee for financial year 2016-17, 7.5% for 2017-18, 5% for 2018-19, 2.5% for 2019-20 and no discount from 2020-2021 onwards. During FY 2016-17, total of ^ 71,38,47,937 has been adjusted from project advance received from NHAI as cash back to toll road user.

5. As per the books of account of the company, a sum of ^ 82,27,90,058 (receivable by IHMCL) is outstanding in project advance account of NHAI shown as ‘Receivable from National Highways Authority of India' under broad head ‘other current assets' as on 31.03.2017. In addition, 1 1,33,82,392 is payable to NHAI for salary and other costs to personnel deployed by N11A1 in IHMCL shown as 'Payable to NHAI for salary & other costs to personnel deployed by NHAI' under broad head 'other current liabilities’. However as per the confirmation received from NHAI a sum of ? 1,07,83,82,392 (excluding amount of equity share capital included in confirmation) is outstanding as receivable from the company, resulting in a difference of t 1,88,77,90,058 The reasons for the difference could not be reconciled.

6. The company has accounted for revenue from ETC operations amounted to t 28,98,44,397 (excluding service tax) during FY 2016-17 against which invoices for ^ 7,24,61,100 (excluding service tax) had only been raised on NHAI.

7. The company has availed and utilized Cenvat credit of ’E 3,12,88,795 on transaction charges paid for managing central clearing house for Electronic Toll Collection (ETC) Project during FY 2016-17, out of which Cenvat credit of H 2,87,39,176 has been availed/utilized without receiving the invoices from National payment Corporation of India (NPCI).

8. The company has understated revenue from ETC Operations by 3 21,73,83,298 and cenvat credit availed/utilized by ^ 3,12,88,795 in its service tax return for the period from 1.10.2016 to 31.03.2017 for which service tax return is in process of necessary revision.

9. Balances of the certain parties are subject to confirmation/reconciliation. In the opinion of management current assets, non-current assets, loans and advances and trade receivables have an approximate

realizable value equal to amount stated in the Financial Statements, unless otherwise stated. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.

10. Based on the information available with the Company, there are no dues as at March 31, 2017 payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006". No interest is paid/ payable by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.

11. Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification / disclosure

Notes forming part of the Financial Statements (2015-16)

23. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

Amount (Rs.)

Particulars	Current Year	Previous Year
(a) Claims against Company not acknowledged as debts*	658,86,763	-

* Claims against the company not acknowledged as debts include the following cases:

A vendor, M/s Mukesh and Associates had submitted their invoices for Rs. 6,58,86,763/- for site specific development work of Wayside Amenities Project of NHAI. However, the liability against the same has not been taken into account in the financial year 2015-16 since the amount is not payable as per the management due to defective services provided and pending necessary procedural compliances/approvals.

24, REL**AT**E**D PA**RTY DISCLOSURE (As per AS-18)

A. Related parties and transactions with them as identified by the management are given below:

1) Shareholders having significant holding

National Highways Authority of India

2) Key Management Personnel

Mr. R C Palekar- Chief Executive Officer

Transactions and Outstanding Balances with Related Parties in the ordinary course of business.

Amount (Rs)

Transactions with NHAI	Current Year	Previous Year
Share Issued		
Amount of Shares issued to NHAI at Rs. 10 each	-	722,11,590
Income		
Management Fees from Sale of Services	1,26,71,302	5,15,217
Expenses		
Expenses incurred by NHAI on behalf of IHMCL	32,14,189	33,63,325
Prior Period Adjustment	-	8,45,596
Advance for Projects received		

Advance received for ETC, Traffic Survey, Road User Helpline, Way Side Amenities, Toll Management System and Green Highways Projects	95,23,65,519	19,77,20,000
Amount utilised for ETC, Traffic Survey, Road User Helpline, Way Side Amenities, Toll Management System and Green Highways Projects	8,23,276,633	3,43,47,806

(2015-16) Indian Highways

Outstanding Balances	**2015-16**	**2014-15**
Trade Receivable		
Amount receivable from NHAI on account of Management Fee	131,29,395	5,15,217
Payable		
For expenses incurred by NHAI on behalf of IHMCL	114,95,586	82,81,397
Advances for ETC, Traffic Survey, Road User Helpline, Way Side Amenities, Toll Management System and Green Highways projects	29,24,61,080	1633,72,194
Transactions with KMP	**Current Year**	**Previous Year**
Remuneration		
Mr R C Palekar, CEO	20,70,826	17,56,465

25. Other Notes:

1. The company has received Rs. 19.77 crores in 2014-15 and 95.24 crores in 2015-16 from NHAI and Government of India- Ministry of Road Transport and Highways for execution of six projects namely Traffic survey, ETC, Toll Management System, Road User Helpline, Wayside Immunities and Green Highways Mission. The company and NHAI are in the process of executing necessary MOU for this purpose. Pending documentation this amount has been shown as advances from NHAI for these six projects under Current Liabilities. Out of the funds received, the company had utilized sum of Rs. 3.43 Crores in 2014-15 and Rs. 82.33 crores in 2015-16 for implementing these project including purchase of Electronic Toll Collection (ETC) and other project expenses through contractors on behalf of NHAI/ Government of India- Ministry of Road Transport and Highways. The invoices for ETC equipments and other project expenses are in the name of the company. However, in accordance with the understanding between NHAI and company, ETC equipments are not the assets of the company and have, therefore not been recorded in the books of company.

2. Management fee @1.5% on the cost incurred by IHMCL on ETC, Traffic Survey projects. Road User Helpline, Way Side Amenities, Toll Management Fees (on behalf of NHAI), has been accounted for in the books of IHMCL on the basis of the Minutes of the meeting held on 26.03.2015 in the Ministry of Road Transport & Highways (MoRTH). In respect of Green Highways Project, management fees @ 15% have been accounted for as per board meeting held on 17.12.2015 in NHAI.

3. As per the books of account of the company, a sum of Rs. 29,24,61,080 has been received towards advance from NHAI for execution of its various projects and outstanding as on 31.03.2016. In addition, Rs. 1,14,95,586 is payable to NHAI for salary and other costs to personnel deployed by NHAI. However as per the confirmation received from NHAI a sum of Rs. 70,14,95,586 is outstanding as advance to the company, resulting in a difference of Rs. 39,75,38,920. The reasons for the difference could not be reconciled.

4. Balances of the certain parties are subject to confirmation/reconciliation. In the opinion of management current assets, non-current assets, loans and advances and trade receivables have an approximate realizable value equal to amount stated in the Financial Statements, unless otherwise stated. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.

5. Based on the information available with the Company, there are no dues as at March 31, 2016 payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006". No interest is paid/payable by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.

6. Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year’s classification / disclosure.

Notes forming part of the Financial Statements (2014-15)

22. RELATED PARTY DISCLOSURE (As per AS-18)

A. Name of Related parties and related party relationship

1. Key Management Personnel
   Mr. R C Palekar- Chief Executive Officer
   Mr. S.K Patel – Chief Financial Officer
   Mr. Gopabandhu Mishra – Company Secretary

2. Shareholders having signification holding
   National Highways Authority of India

A. Related Party Transactions

Amount (Rs.)

I. Transactions with KMP	**As at 31.03.2015**	**As at 31.03.2014**
Mr. R C Palekar, CEO	17,56,465	9,88,524
Mr. Gopabandhu Mishra – Company Secretary	98,214	-

Amount (Rs)

Transactions with NHAI	Current Year	Previous Year
Share Issued		
Amount of Shares issued to NHAI at Rs. 10 each	722,11,590	27,88,410
Income		
Management Fees for Sale of Services	5,15,217	-
Expenses		
Expenses incurred by NHAI on behalf of IHMCL	33,63,325	40,72,476
Prior Period Adjustment	8,45,596	
Advance for Projects received		

Amount (Rs)

Outstanding Balances	**As at 31.03.2015**	**As at 31.03.2014**
Trade Receivable		
Amount receivable from NHAI on account of Management Fee	5,15,217	
Payable		
For expenses incurred on behalf of IHMCL	-	40,72,476
Advances for ETC Project		

Rs.19,77,20,000 received form NHAI (Adjusted for amount utilized for ETC project of Rs.2,20,32,750)	17,56,87,250	
Recoverable		
Recoverable form NHAI (Net of Expenses)	40,33,659	

23. Other Notes (2014-15)

1. Indian Highways Management Company Limited (IHMCL) has received Rs.19.77 crores from NHAI for execution of ETC Project. This money has been released by Government of India through NHAI. IHMCL and NHAI are in the process of executing necessary MOU for this purpose. Pending documentation this amount has shown as advances from NHAI for ETC project under non current liabilities. Out of the funds received, IHMCL has utilised sum of Rs. 2.20 Crores for implementing ETC project for purchase of ETC equipments through contractors on behalf of NHAI. The amount so utilised has been adjusted against advance received from NHAI for ETC Project and the net amount has been shown under Non Current Liabilities. The invoices for ETC equipments purchased out the utilised funds, are in the name of IHMCL. However in accordance with the understanding between NHAI and IHMCL ETC equipments are not the assets of IHMCL and have, therefore not been recorded in the books of IHMCL.

2. Management fee @1,5% on the cost incurred by IHMCL on ETC and Traffic Survey projects (on behalf of NHAI), has been accounted for in the books of IHMCL on the basis of the Minutes of the meeting held on 26.03.2015 in the Ministry of Road Transport & Highways (MoRTH).

3. ln terms of MoRTH notification No. RW-NH-35072/l/2010-S&R(B) dated 20.09.2013 user fee for oversized vehicle levied by MoRTH is being deposited in IHMCL Bank A/c. The amount has been shown under current liabilities as Receipts on behalf of Government of India. The receipts upto 31.03.2014 were booked as income under the head "user fee" in the books of IHMCL and corresponding service tax liability was also provided on this amount. However, during the current year the user fee and service tax liability has been reversed and the amount has been added back to Receipts on behalf of Government of India on the basis of understanding/meetings between MORTH and IHMCL.
4. As per internal assessment of the company there is no asset requiring provision for impairment as on 31-03-2015 as per AS 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India.
5. Balances of the certain parties are subject to confirmation/reconciliation. In the opinion of management current assets, non-current assets, loans and advances and trade receivables have an approximate realizable value equal to amount stated in the Financial Statements, unless otherwise stated. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.
6. Previous year figures have been regrouped wherever necessary

Notes forming part of the Financial Statements (2013-14)

15. Related party Disclosures (AS-181)

(a) Name of the Related party and Related Party Relationships:

Major Shareholders:
National Highways Authority of India

(b) Related Party Transactions:
The Following table provides the total amount of transactions that have been entered into with related party for the relevant financial year:

(i) Reimbursement of Expenses	For the year ended March 31. 2014	For the Period ended March 31, 2013
To Shareholder National Highways Authority of India	40,72,476	27,88,410
(i) Outstanding Balances as at year end:	*As* at March 31. 2014	*As* at March 31. 2013
i)Expenses Payable *To Shareholder* National Highways Authority of India	40,72,476	

16. Other Notes

i) Employee Benefit Expenses and other expenses amounting to Rs.40,72,476/- (previous year Rs.27,88,410) have been accounted for by the company based on the intimation and statement of expenses provided by the major shareholder i.e. NHAI.

ii) Based on the information available with the company, there were no suppliers who are registered as Micro, Small or Medium Enterprises under "Micro, Small or Medium Enterprises Development Act, 2006 as at 31st March, 2014.

iii) Deferred Tax Asset/ Liability (NET)
In the opinion of the management there are no timing differences between the tax profits and book profits, hence no provision has been created for deferred tax.

iv) In the opinion of the management, the current assets, loans and advances are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business and provision for all known liabilities have been adequately made in the books of accounts.

v) The disclosure requirements of the Accounting Standards & Revised Schedule VI has been given to the extent applicable.

vi) Previous year figures have been regrouped/rearranged wherever necessary.

Statement of Accounting Ratios

Anne

xure-VII

PARTICULARS	2017	2016	2015	2014	2013
Earning per share Basic	(3.64)	(1.90)	(-0.17)	(-11.51)	(-248)
Earning per share Dilutive	(3.64)	(1.90)	(0.17)	(-11.51)	(-248)
Return on net worth (%)*	24.00%	16.53%	-0.94%	-	-
Net asset value per equity share (`)	15.13	11.50	9.60	-6.81	-36.82
Weighted average number of equity shares outstanding during the year / period (in crore)	1.81	1.81	1.81	.03	0.006
Total number of share outstanding at the end of the year / period (in crore)	1.81	1.81	1.81	0.03	0.006
Debt Equity Ratio	0.00	0.00	1.01	-	-

*Not Applicable due to negative net worth

Notes:

The ratios have been computed as below:

Earning per Share (`) = Profit after tax / Number of equity shares at the end

Return on net worth (%) = Profit after tax / Net Worth at the end of the year.

Net asset value per equity share (Rs.) = Net worth at the end of the year / Number of equity

Debt equity = Total Debt outstanding at the end of the year / Net

Qualification/Emphasis of Matter paragraph to Auditors' Reports Annexure-VIII

Basis of Qualified Opinion- Year ended March 31, 2017

1. Non-reconciliation of account with National Highways Authority of India (NHAI) resulting in a difference of Rs 1,88,77,90,058 [Refer Note 24(5) to the financial statements) and its consequential impact on Balance Sheet and Statement of Profit and loss.
2. Non-Accounting for a sum of ^ 4,83,90,255 shown as contingent liability in Note 23 to the financial statements, in respect of invoices raised by 2 project vendors resulting in understatement of 'Receivable from National Highways Authority of India' under the broad head other current assets and understatement of 'Payable on account of NHAI project expenditure' under the broad head Other Current liabilities and its consequential impact including non- accounting of management fee @ 1.5% of ^ 7,25,853 and its income tax thereon.

Emphasis of Matter- Year ended March 31, 2017

1. The company has been executing various projects on behalf of NHAI on principal to agent basis as explained to us by the management. The accounting of such projects and the resultant statutory compliances have been made accordingly. However, no agreement/document has been furnished to us in support of such representation. The list of these projects executed and accounted on principal to agent basis are as under:
   i) Electronic Toll Collection
   ii) Traffic Survey
   iii) Way Side Amenities
   iv) Road User Helpline
   v) Toll Management System
   vi) Electronic toll collection project-1% of toll collection revenue account
   vii) Time & Motion Study
   viii) Citizen Centric App-(You Report Project)
   ix) Green Gighways

2. The company has been assigned the authority to receive, in terms of Ministry of Road Transport and Highways (MoRTH) notification No. RW-NH-35072/l/2010-S&R(B) dated 20.09.2013. user fee for movement of Over Weight and Over Dimensional (0W/0D) Consignments levied by MoRTH which is being deposited in IHMCL's Bank A/c. The aggregate sum of ^ 33,92,16,166 received upto 31.03.2017 has been shown under 'current liabilities' as 'Receipts on behalf of Government of India'. However, no agreement/document has been furnished to us in respect of treatment of such funds, its repayment and income generated by the company on such funds. However, in the absence of any clarification/agreement, interest income on such funds amounting to ***K*** 32,40,306 (Approximate interest for FY 2016-17 @4.5% P.A. simple interest on amount collected in FY 2016-17 only) has been considered by the company as its income.
3. Non-receipt of balance confirmation of a project creditor as on 31.03.2017 amounting to ^ 4,19,45,228 and its consequential reconciliation impact, if any.

   2) Due to insufficient number of independent directorsw.e.f 21st July, 2016, the constitution of the board, audit committee and nomination and remuneration committee were not in compliance with the requirements of the relevant provisions of the Companies Act, 2013.
4. The intervening gap between two board meetings held on 21.07.2016 and 27.12.2016 exceeded 120 days resulting in non-compliance of section 173 of the Companies Act, 2013.

The company did not have a full time Managing Director w.e.f 27.12.2016 and Chief Financial Officer (CFO) during the year as required under Section 203 of the Companies Act, 2013.

Basis of Qualified Opinion- Year ended March 31, 2016

1. Non reconciliation of account with National Highways Authority of India (NHA1) resulting in a difference of Rs. 39,75,38,920 (Refer Note 25(3) to the financial statements) and its consequential impact on Balance Sheet, Statement of Profit and loss and Cash Flow Statement.
2. Non Accounting for a sum of Rs. 6,58,86,763 shown as contingent liability in Note 23 to the financial statements, in respect of invoices raised by Vendor M/s Mukesh & Associates for the Way Side Amenities Project resulting in overstatement of advance received from NHAI and understatement of other Payables on account of NHAI Project expenditure under the broad head other current liabilities and its consequential impact including non accounting of Management Fees @ 1.5% of Rs. 9,88,301and other statutory compliances of TDS and Service tax etc.

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka, New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF MORADABAD TOLL ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), IN THE FINANCIAL YEAR 2018-2019 ("ISSUE").

1. We have read the reformatted financial information of **Moradabad Toll Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Bharatmala Bonds /Auditor/2018-19 dated September 6, 2018, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2017, 2016, 2015, 2014 and 2013, which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2016-17	S. Chaturvedi & Associates
2015-16	S. Chaturvedi & Associates
2014-15	S. Chaturvedi & Associates
2013-14	S. Chaturvedi & Associates
2012-13	PARM & SMRN

We have placed reliance on the audit reports of these auditors for the respective years.

2. **Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Schedule III of the Companies Act, 2013.

3. **Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary

Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013,and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. Financial Information as per Audited Financial Statements

We have read the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2013 to 31st March, 2017 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Schedule III of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2017. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013.

v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 which are reproduced in Annexure VIII.

5. **Attention *is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, adjustments of amounts pertaining to mathematical accuracy and adjustment of amounts arising out of auditor's qualifications.

6. Other Reformatted Financial Information of the Company:

At the company's request we have read the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner
Membership No- 098358

Date: 25 September 2018
Place: Ghaziabad

MORADABAD TOLL ROAD COMPANY LIMITED REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Annexure-I (Rs. In Lacs)

Particulars	Note No.	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.3.2014	As at 31.3.2013
EQUITY AND LIABILITIES						
SHAREHOLDER'S FUND						
(a) Share Capital	2.1	3000.00	3000.00	3000.00	3000.00	3000.00
(b)Reserves & Surplus	2.2	-12447.91	-12452.46	-12423.53	-12416.29	-12459.10
NON CURRENT LIABILITIES						
(a) Long Term Borrowings	2.3	4803.22	4803.22	4803.22	4803.22	4803.22
(b) Other Long Term Liabilities	2.4	227.20	231.98	258.81	231.98	231.98
CURRENT LIABILITIES						
(a) Other Current Liabilities	2.5	4678.45	4678.10	4381.56	4373.40	4417.47
(b) Short Term Provisions	2.6	2.89	3.20	2.89	2.89	2.89
TOTAL		**263.84**	**264.03**	**22.94**	**22.03**	**23.29**
ASSETS						
NON CURRENT ASSETS						
(a) Fixed Assets						
(i) Tangible Assets	2.7	-	-	-	-	-
(ii) Intangible Assets		-	-	-	-	-
CURRENT ASSETS						
(a) Current investments		-	-	-	-	-
(b) Inventories		-	-	-	-	-
(c) Trade receivables		-	-	-	-	-
(a) Trade Receivables	2.8	-	-	-	-	-
(b) Cash and Cash Equivalents	2.9	1.16	1.27	1.81793	0.90	2.17
(c) Short Term Loans & Advances	2.10	262.68	262.76	21.12135	21.12	21.12
(d) Other Current Assets	2.11	-	-		-	-
TOTAL		**263.84**	**264.03**	**22.94**	**22.03**	**23.29**

MORADABAD TOLL ROAD COMPANY LIMITED REFORMATTED STATEMENT OF PROFIT & LOSS

Annexure-II (Rs. In lacs)

Particulars	Note No.	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.3.2014	As at 31.3.2013
Revenue						
Revenue from operations	**2.12**	-	-	-	-	-
Other Income	**2.13**	7.3	-	-	42.3	-
Total Revenue		7.3	-	-	42.3	-
Expenses						
Operation & Maintenance Expenses		-	-	-	-	-
Employee Benefit Expense		-	-	-	-	-
Finance Costs		-	-	-	-	-
Depreciation & Amortization Expense		-	-	-	-	-
Other Expenses		2.3	28.9	7.2	3.3	3.5
Total Expenses		2.3	28.9	7.2	3.3	3.5
Profit before exceptional and extraordinary items and tax		**5.02**	**-28.93**	**-7.24**	**38.94**	**-3.46**
Exceptional and Extraordinary items		-	-	-	-	-5111.63
Prior Period Items		-0.47	-	-	3.87	-0.19
Profit before tax	**2.14**	4.55	-28.93	-7.24	42.81	-5115.28
					-	-
Tax expense						
Current Tax	**2.15**	-	-	-	-	-
Deferred Tax	**2.16**	-	-	-	-	-
Taxes of Earlier Years	**2.17**	-	-	-	-	-
Fringe Benefit Tax	**2.18**	-	-	-	-	-
Profit(Loss) After Tax for the Year		**4.55**	**-28.93**	**-7.24**	**42.81**	**-5,115.28**
Earning per equity share:						
Basic & Diluted		**0.02**	**-0.1**	**-0.2**	**0.14**	**-17.05**

MORADABAD TOLL ROAD COMPANY LIMITED

REFORMATTED STATEMENT OF CASH FLOWS

Annexure-III (Rs. In lacs)

	Particulars	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.3.2014	As at 31.3.2013
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**					
	Profit before Tax, exceptional and extraordinary items	**5.02**	**-28.93**	**-7.24**	38.94	-3.47
	Adjustments for:					
	Depreciation and Amortisation Expenses	-	-	-	-	-
	Interest Received on Fixed Deposits	-	-	-	-	-
	Finance cost	-	-	-	-	-
	Prior Period Adjustment	-0.47	-	-	3.87	-0.19
	Change in provision for tax	-	-	-	-	-
	Loss on sale of fixed assets	-	-	-	-	-5111.63
	Operating Profit before working capital changes	4.55	-28.93	-7.24	42.81	-5115.29
	Adjustments for:				-	-
	Increase/(Decrease) in Trade Payable (Non Current)	-	-	-	-	0.00
	Increase/(Decrease) in Other Current Liabilities & Provisions	0.04	296.85	8.15364	-44.07	-232.17
	Increase/(Decrease) in Non-Current Liabilities	-4.78	-26.83	-	-	-
	(Increase)/Decrease in short term loans and advances	0.08	-241.64	-	-	0.51
	(Increase)/Decrease in trade receivables	-	-	-	-	-
	Operating Profit before tax	**-0.11**	**-0.55**	**0.91**	**-1.26**	**-5,346.94**
	Less: Income tax paid				-	-
	Net cash from Operating Activities				**-1.26**	**-5,346.94**
	CASH FLOW FROM INVESTING ACTIVITIES					
	Interest Received on Fixed Deposits	-	-	-	-	-
	Sale/(Purchase) of fixed asset	-	-	-	-	5,111.63
	Net cash used in Investing Activities	-	-	-	-	5,111.63
	CASH FLOW FROM FINANCING ACTIVITIES					
B.	Proceeds / (Payment) from Unsecured Loans	-	-	-	-	235.89
	Proceeds / (Payment) from other long term liabilities	-	-	-	-	-
	Interest Paid	-	-	-	-	-
	Net cash used in Financing Activities	-	-	-	-	235.89
	Net Increase / (Decrease) in cash and cash equivalents during the year (A+B+C)	**-0.10**	**-0.55**	**0.91**	**-1.26**	**0.58**
C.	**Cash and cash equivalents at commencement of the year**	**1.27**	**1.82**	**0.90**	**2.17**	**1.59**
	Cash and cash equivalents at end of year	**1.16**	**1.27**	**1.82**	**0.90**	**2.17**

Annexure-IV (Rs. In lacs)

MORADABAD TOLL ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

NOTE 2.1- SHARE CAPITAL

(Amount in Rs.)	31st March 2017	31st March 2016	31st March 2015	31st March 2014	31st March 2013
Authorised Capital					
3,50,00,000 Equity Shares (Previous Year 3,50,00,000) of Rs. 10/- each	3,500	3,500	3,500	3,500	3,500
Issued, Subscribed & Paid up Capital					
30,000,000 Equity Shares (Previous year 30,000,000) of Rs. 10/- each fully paid up held by NHAI & its nominees	3,000	3,000	3,000	3,000	3,000

(i) Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

Particulars of equity share holders holding more than 5% of the total number of equity share capital :

	As at 31.3.2017		As at 31.3.2016		As at 31.3.2015		As at 31.3.2014		As at 31.3.2013	
No. of Shares	**(Amount in Rs.)**	**No. of Shares**	**(Amount in Rs.)**	**No. of Shares**	**(Amount in Rs.)**	**No. of Shares**	**(Amount in Rs.)**	**No. of Shares**	**(Amount in Rs.)**	**No. of Shares**
At the beginning of the Year	300	3000	300	3,000	300	3,000	300	3,000	300	3,000
Fresh issue of shares during the year	-	-	-	-	-	-	-	-	-	-
Outstanding at the end of the year	300	3000	300	3,000	300	3,000	300	3,000	300	3,000

Terms & Rights attached to equity share holders

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

	As at 31.3.2017		As at 31.3.2016		As at 31.3.2016		As at 31.3.2015		As at 31.3.2014	
Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
National Highway Authority of India	300	100%	300	100%	300	100%	300	100%	300	100%

NOTE – 2.2 RESERVE AND SURPLUS

	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.3.2014	As at 31.3.2013
Surplus / (Deficit) in Statement of Profit and Loss					
Opening Balance	-12,452.46	-12,423.53	-12,416.29	-12,459.10	-7,343.81
Add: Transferred from Statement of Profit and Loss	4.55	-28.93	-7.24	42.81	-5,115.29
Closing Balance	-12,447.91	-12,452.46	-12,423.53	-12,416.29	-12,459.10

NOTE – 2.3 LONG TERM BORROWINGS

	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.3.2014	As at 31.3.2013
Secured					
Term Loan					
Financial Institutions- IDFC	-	-	-	-	-
Banks- SBI	-	-	-	-	-
Unsecured					
National Highway Authority of India	4,803.22	4,803.22	4,803.22	4,803.22	4,803.22
Closing Balance	4,803.22	4,803.22	4,803.22	4,803.22	4,803.22

There exists no specific agreement of loan with NHAI specifying the terms & conditions of loan. The loan given by NHAI is a Subordinate-debt. The rate of interest charged on the basis of approval of the competent authority of NHAI. However NHAI have waived off interest from the financial year 2012-13.

NOTE -2.4 OTHER LONG TERM LIABILITIES

	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.3.2014	As at 31.3.2013
Payment due to contractors - Civil & Consultants	227.20	231.98	231.98	231.98	231.98
Closing Balance	227.20	231.98	231.98	231.98	231.98

NOTE – 2.5 OTHER CURRENT LIABILITIES

	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.3.2014	As at 31.3.2013
Mumbai JNPT	0.30	0.00	0.01	-	0.01
Retention	-	-	-	-3.51	-
Interest accrued and due on above	-	-	-	-	-
Paradip Port Road Co. Ltd.	0.04	0.04	0.04	0.02	0.02
Amount Payable to SBI	-	-	-	-	-
IDFC Ltd.	-	-	-	-	-
Salary payable	-	-	-	-	-
T.R. Chadha & Co. LLP	0.07	0.07	0.05	-	-
T.R. Chadda & Co. (For Taxation Matters)	0.00	0.00	0.00	-	0.19
Internal Audit Fees Payable	0.00	0.74	0.74	0.74	1.49
Electricity Dues	0.00	1.71	1.71	1.71	1.71
TDS Payable	0.10	0.20	0.17	0.24	0.26
PARM & SMRN	-	-	-	-	1.16
Shayam S Gupta & Company	0.00	0.00	-	0.48	0.09
Neeraj Gupta Advocate	-	-	-	-	-
Outstanding Expenses	0.00	0.79	0.79	0.79	0.79
Jalaj Srivastava	-	-	-	-	0.08
Kanta Grover	-	-	-	-	-
Munis Grover	-	-	-	-	-
M/s SBG and Co.	-	-	-	-	-
M/s Thakur Vaidyanath & Co.	-	-	-	-	-
Suman Khaitan & Co.	0.00	0.00	-	0.08	0.47
S Chaturvedi Associates	1.05	0.89	0.87	0.86	
Garg Bros & associates	-	-	-	-	-
M/s DMMKA & Co.	-	-	-	-	-
M/s Saraswati Accountants Software Pvt. Ltd.	-	-	-	-	-
PPF Payable	-	-	-	-	-
Expenses Payable to NHAI	4676.89	4673.65	4377.18	4368.48	4411.19
Other Creditors	-	-	-	-	-
Performance Bank Gurantee	-	-	-	-	-
	4678.45	**4678.10**	**4381.56**	**4373.40**	**4417.47**

NOTE – 2.6 SHORT TERM PROVISIONS

	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.3.2014	As at 31.3.2013
Gratuity Payable	1.24	1.24	1.24	1.24	1.24
Leave Salary payable	1.65	1.65	1.65	1.65	1.65
Prima Carta Law Offices	0.00	0.31	0.00	0.00	0.00
	2.89	**3.20**	**2.89**	**2.89**	**2.89**

NOTE - 2.7 FIXED ASSESTS

	Net Fixed Assets				
Particulars	**As at 31.3.2017**	**As at 31.3.2016**	**As at 31.3.2015**	**As at 31.3.2014**	**As at 31.3.2013**
Moradabad Bypass	-	-	-	-	-
Furniture & Fixtures	-	-	-	-	-
Computers	-	-	-	-	-
Office equipments	-	-	-	-	-
	-	-	-	-	-

NOTE – 2.8 TRADE RECEIVABLES

Particulars	**As at 31.3.2017**	**As at 31.3.2016**	**As at 31.3.2015**	**As at 31.3.2014**	**As at 31.3.2013**
Other SPVs of NHAI	-	-	-	-	-
	-	-	-	-	-

NOTE – 2.9 CASH AND CASH EQUIVALENT

	As at 31.3.2017	**As at 31.3.2016**	**As at 31.3.2015**	**As at 31.3.2014**	**As at 31.3.2013**
Balances with Schedule Banks in Current account	1.16	1.27	1.82	0.9	2.17
Escrow A/c	-	-	-	-	-
Fixed Deposit	-	-	-	-	-
Cheque in Hand	-	-	-	-	-
Cash at toll plaza	-	-	-	-	-
	1.16	**1.27**	**1.82**	**0.90**	**2.17**

NOTE – 2.10 SHORT TERM LOANS & ADVANCES

	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.3.2014	As at 31.3.2013
Unsecured, Considered Good					
TDS Recoverable	13.35	13.35	13.35	13.35	13.35
TDS Demand AY 03-04 & 04-05 (Deposited under dispute)	7.77	7.77	7.77	7.77	7.77
Penalty deposit AY 2007-08	241.56	241.56	-	-	-
Security Deposit (Electricity department)	-	-	-	-	-
Advance to Jalaj Srivastava	0	0.08	-	-	-
Recoverable from NHAI	-	-	-	-	-
Amount Recoverable	-	-	-	-	-
FBT Advance	-	-	-	-	-
Imprest A/c	-	-	-	-	-
Recoverable from SBI	-	-	-	-	-
	262.68	262.76	21.12	21.12	21.12

NOTE – 2.11 OTHER CURRENT ASSETS

	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.3.2014	As at 31.3.2013
Interest accrued on deposits	-	-	-	-	-
Pre-Paid Expenses	-	-	-	-	-
	-	-	-	-	-

NOTE – 2.12 REVENUE FROM OPERATIONS

	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.3.2014	As at 31.3.2013
Toll Receipts	-	-	-	-	-
	-	-	-	-	-

NOTE – 2.13 OTHER INCOME

	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.3.2014	As at 31.3.2013
Interest on FDR	-	-	-	-	-
Misc. Receipts	-	-	-	-	0.03
Other liabilities written Off	7.27	-	-	-	-
Provisions Written Off	-	-	-	42.25	-
	7.27	0.00	0.00	42.25	0.03

NOTE - 2.14 OTHER EXPENSES

	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015	As at 31.3.2014	As at 31.3.2013
Conveyance Expenses	-	0.01	0.02	0.02	0.02
Legal and Professional Expenses	0.84	13.61	5.34	1.4	1.28
Filling and ROC Expenses	0.26	0.31	0.06	0.1	0.02
Printing and Stationery Expenses	-	0.02	0.02	-	0.01
Telephone and Telex	-	-	-	-	-

Auditors Remuneration	-	-	-	-	-
- Statutory Audit Fees	1.15	0.99144	0.96	0.96	1.29
- Tax Audit Fees	-	-	-	-	-
- For other matters	-	-	-	-	-
Internal Audit Fees	-	0.82725	0.83	0.83	0.83
Interest on TDS	-	-	0.01	-	-
Interest on Dues	-	13.1388	-	-	-
Advertisement expenses	-	-	-	-	-
Meeting and Seminar	-	-	-	-	-
Misc Exp.	0.01	0.0012	0.002	0.01	0.04
Bank Charges	0.002	0.00731	0.001	-	-
Repair and Maintenance	-	-	-	-	-
Postage and Courier	-	-	-	-	-
Refreshment Expenses	-	0.0063	0.006	-	-
Short and Excess	-	-	-	-	-
	2.25	28.93	7.24	3.32	3.49

MORADABAD TOLL ROAD COMPANY LTD.

Annexure- VI

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED (31st March, 2017, 2016, 2015, 2014 and 2013)

I. Background (31st March, 2017, 2016, 2015, 2014 and 2013)

The company has been setup to develop, establish, construct, operate and maintain a project relating t o t he construction of the Moradabad By Pass project under the " Build-Operate-Transfer" (BOT) basis. A concession agreement entered between the Moradabad Toll Road Company Ltd. and the National Highway s Authority of Indi a (NHAI) conferred the right to the company to implement the project and levy toll/ user charges over the 32.5 year concession period after completion of construction. However the project has been taken over by NHAI.

II. Summary of Significant Accounting Policies (31st March, 2017, 2016, 2015, 2014 and 2013)

a. Going Concern:

The company has transferred Moradab ad Bypass along with' the right of toll collection to M/s Moradabad Bareilly Expressway Ltd. w.e.f 04.12.2010 As Toll right have been handed over, Toll revenue has also been ceased and Going Concern has also been affected.

b. Basis of accounting (31st March 2014 and 2013)

The financial statements are prepared under the historical cost convention on an accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India, provisions of the Companies Act, 1956 (the Act) are complied with in material aspects with the accounting standards notified under Section 211(3C) of the Act, read with Companies (Accounting Standards) Rules, 2006.

Basis of accounting (31st March 2015,2016 and 2017)

The financial statements are prepared under the historical cost convention on an accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India, provisions of the Companies Act, 2013 (the Act) are complied with in material aspects with the accounting standards notified under Section 133 of the Act, read with Companies (Accounting Standards) Rules, 2006.

c. Financial Statements: Presentation and disclosures (31st March 2014, 2013)

Financial Statements has been prepared in accordance with Schedule VI notified under the Companies Act 1956. The adoption of Schedule VI does not impact recognition and measurement principles followed for preparation of Financial Statements. However it has significant impact on presentation and disclosure made in Financial Statements.

Financial Statements: Presentation and disclosures (31st March, 2017, 2016, 2015)

Financial Statements has been prepared in accordance with Schedule Ill notified under the Companies Act 2013. The adoption of Schedule Ill does not impact recognition and measurement principles followed for preparation of Financial Statements. However it has significant impact on presentation and disclosure made in Financial Statements.

d. Classification of Assets and Liabilities (31st March, 2014,2013)

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the schedule VI to the Companies, Act 1956. Based on the nature of products and the time between the acquisition of the assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities

Classification of Assets and Liabilities (31st March, 2017, 2016, 2015)

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the schedule III to the Companies, Act 2013. Based on the nature of products and the time between the acquisition of the assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities

e. Use of Estimate: (31st March, 2017, 2016, 2015, 2014 and 2013)

The preparation of financial statement s in conformity with Generally Accepted Accounting Principle s (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of the financial statements. Difference between the actual results and estimates is recognised in the period in which the results are known / materialized.

f. Fixed Assets (31st March, 2017, 2016, 2015, 2014 and 2013)

Fixed Assets including project assets are stated at their original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets.

Depreciation (31st March, 2017, 2016, 2015, 2014 and 2013)

No Depreciation has been provided as there is no fixed assets exist with the company.

g. Revenue Recognition (31st March, 2017, 2016, 2015, 2014 and 2013)

Revenue from Toll collection
Right to collect toll ceased to exist with the company w.e.f. 04.1 2. 2010, hence, no toll collection was collected since then

Interest /Dividend income
No interest income was earned during the year as the company had no deposits with the bank during the year.

Expenses
Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

h. Borrowing Cost (31st March, 2017, 2016, 2015, 2014 and 2013)

Borrowing costs related to the acquisition /construction of the qualifying fixed assets for the period up to the completion of their acquisition /construction are included in the book value for the assets. All other borrowing costs are recognized as an expense and are charged to revenue in the year in which these are incurred. However, no borrowing costs were incurred during the year as the interest was waived off by NHAI, the lone existing lender to the company.

i. Deferred Taxation (31st March, 2017, 2016, 2015, 2014 and 2013)

The Accounting treatment for income Tax is based on accounting standard 22- Accounting for Taxes on Income issued by Institute of Chartered Accountants of India. In accordance with the same no deferred tax assets /liability was required to be created at the year end.

j. Earnings per Share (31st March, 2017, 2016, 2015, 2014 and 2013)

The Earnings considered in ascertaining the company's EPS comprises of the net loss after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

k. Related Party Disclosure (31st March, 2017, 2016, 2015, 2014 and 2013)

As the related party transactions are between the two state controlled enterprises, the disclosure requirements as per AS-18 are not applicable to the Company. The company does not have any transaction with any other related party except NHAI.

l. Provisions, Contingent Liabilities and Contingent Assets (31stMarch,2017, 2016, 2015, 2014 and 2013) Provisions

A provision is created when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount can be made of the amount of the obligation.

Provisions are determined based upon management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent Liabilities

No provision is recognized for liabilities where future outcome cannot be ascertained with reasonable certainty. Such liabilities are treated as contingent and disclosed by way of Notes to the Accounts.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets

Contingent Assets are neither recognized nor disclosed in the financial statements of the company.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017

All the directors of the company are holdings office in company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/ allowances or otherwise.

1. No Transaction has occurred in following balances during the year :

UPSBC Ltd (Contractor) Rs. 2,27,20,138/- Credit

These credit balance are subject to confirmation.

2. No provision for income Tax (Including deferred tax) has been made

3. All Tangible Assets lying in the books as on 31.03.2012 has been transferred to NHAI at zero Value on 01.04.2012

4. Depreciation on Tangible Assets has not been charged as all assets lying in the books has been transferred to NHAI at zero value on 01.04.2012.

5. **Components of cash & cash equivalents :**

	As at 31st March 2017 (Rs.)	**As at 31st March 2013 (Rs.)**
Balances with Schedule Banks in Current account (Canara Bank)	-	-
	-	-

6. The company being a wholly state owned enterprises as defined under Accounting Standard - 18 on related party disclosures, no disclosure as regards to related party relationship with other state control enterprises is required. The Company does not have any transaction with any other party excepts NHAI.

7. Deferred Tax Assets on brought forward loss and on depreciation has not been recognized as asset in absence of virtual certainty of future taxable income.

8. **Earning / (Loss) Per Share:**

Basic Earning Per Share		
Total no. of equity shares of Rs. 10 each fully paid up	3,00,00,000	3,00,00,000
No. of weighted av. equity shares outstanding	3,00,00,000	3,00,00,000
Net profit/ (loss) for the year		(2,893,035)
Basic earning / (loss) per share (Rs.)		**(0.10)**
Diluted Earning Per Share		**(0.10)**
Weighted average no. of potential equity shares	3,00,00,000	3,00,00,000
Diluted Profit / (loss) for the year		(2,893,035)
Diluted Profit / (loss) for the year		**(0.10)**

9. Previous year figures have been rounded off to the nearest rupees except earning / (loss) per share.

10. In the opinion of the management, current assets, loans and advances are stated at the value, which, if realized in the ordinary course of the business, would not be less than the amount mentioned

11. Prior period items **NA.**

12. **Contingent liabilities & provisions**

i) Case filed with income tax department

a. The company had received an order of penalty of Rs. 5.5 crores from Income Tax Department under section 271(1)(c) for the assessment year 2003-04. The case was decided by CIT(A) in favour of the company on 23.10.2008 but department filed appeal against the order of CIT(A) before ITAT. In view of the above contingent liability of Rs.5.5 crores may be occurred.

b. The company had received an order of penalty of Rs. 2,41,56,197/- from Income Tax Department under section 271(1)(c) for the assessment year 2007-08 which was confirmed by CIT(A) and the company has filed an appeal before ITAT.

ii) Arbitration Cases

Liabilities against final bill for construction of Moradabad Bypass:

UPSBC Ltd. Had filed an arbitration case against the company towards delay in payment of Rs. 17,845,199 and Rs. 14,147,740 as approved by the engineer for payment in IPC#44 towards the work done by the contractors and raised following additional claims. :

a. A sum of Rs. 4,601,275,650 (Rs. 460.13 crores approx) towards interest due to delay in payment of certifies amount by the engineer towards of work done upto 11.1.2010 @ 8% compounded monthly.
b. Interest @ 8% compounded monthly beyond 11.01.2010 till the payment is realised / made.
c. Rs. 10 Lacs towards cost of arbitration.
d. Rs. 5 Lacs towards cost of amicable settlement.

Pending bill of Supervision Consultant

Contingent liability of Rs. 189,141 towards consultancy fee of Consulting Engineering Services India P Ltd. A claim of Rs. 666,656 is raised by Consulting Engineering Services India P ltd and out of above only Rs. 477515 is provided in the books.

iii) Status of Income Tax Cases

Sl.No.	A.Y.	Section under which order was passed	Status	Actual tax/ penalty paid	Tax/penalty may have to be paid depending upon adjudication	Possible addition to losses by A.O.
1	2003-04	143(3)	Appeal filed with Hon'ble High Court of Delhi with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building.	N.A.	N.A	145,444,692
2	2003-04	271(1)(c)	Case decided in favor of the company by ITAT on 02.06.2015	N.A.	5,50,00,000	N.A.
3	2003-04 & 2004-05	201(1)/201(1 A)	Demand of TDS raised for Rs. 776687/- which was deposited by the company and appeal filed by the company, ITAT had decided in favour of the company. As per correspondence from the Department filed appeal before Hon'ble High Court of Delhi. Howver, till few days back, no such appeal appeal is listed with the HC.	Refund of Rs. 776,687/- is due	N.A	N.A.
4	2004-05	143(3)	Appeal filed with Hon'ble High Court of Delhi with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building.	N.A.	N.A	114,411,007
5	2004-05	271(1)(C)	Order of CIT(A) received on 12.11.08 against the company. Penalty was imposed on the basis of additions made under section 143(3) referred to at SL. 05 treating it as concealment of facts. Appeal filed before ITAT against above order of CIT(A).	Penalty of Rs. 3,75,00,000/- plus Rs. 37,50,000/- as interest thereon have been deposited with income tax department under protest.	N.A	N.A.
6	2005-06	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building and disallowance of O & M and other expenses and reopening of	N.A.	N.A	Rs. 9,766,166/- as per order u/s 143(3) and Rs. 106,431,686/- as per order u/s 250/143(3)

			assessment is involved in the above said appeal.			
7	2006-07	143(3)	Appeal filed with Hon'ble High Court of Delhi with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed depreciation only @ 10% treating toll road as building.Further the expenses incurred on maintenance of toll road and interest payable to banks and financial institutions, disallowed by AO on the ground of not providing confirmations/evidence , are being contested.	Demand of Rs. 1,94,89,811/- (Rs. 1,92,96,843 as demand an Rs. 1,92,968 as interest thereon deposited) .	N.A	N.A.
8	2007-08	143(3)	Appeal filed before Hon'ble High Court of Delhi. The issue involved is the amount of addition for depreciation derived by the assessing officer does not match with the amount claimed by the company as referred to in relevant depreciation schedule. F - 254	N.A.	N.A	7,16,79,068/-
9	2007-08	271(1)(c)	Penalty deposited and appeal filed before ITAT. For the A.Y. 2003-04, case has been decided in favor of the company by ITAT as mentioned in 5 No.2.	2,41,56,000	N.A.	N.A.
10	2013-14	143(3)	The comp any has file d an appeal before CIT(A) again st order of AO. U/ s. 143(3) of the Income Tax Act, 1961 for Additions of Rs. 51.12 Cr. ma de by AO . Order passed against t h e company as on 21 .03.2016, Appeal filed against the order before CIT(A).	N.A.	N.A.	N.A.

iv) Scrutiny case for the Assessment Year 2011-12 was concluded during the year and the assessment order is as per the return filed by the company.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

1. All the directors of the company are holdings office in company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/ allowances or otherwise.
2. No Transaction has occurred in following balances during the year :

UPSBC Ltd (Contractor)	Rs. 2,27,20,138/- Credit
CES India Pvt ltd (Consultants)	Rs. 4, 77,515/- Credit balance
UPSBC Ltd (Contractor) Contractors	Rs. 22,062,138/- Credit balance

These credit balances are subject to confirmation.

3. No provision for income Tax (Including deferred tax) has been made
4. All Tangible Assets lying in the books as on 31.03.2012 has been transferred to NHAI at zero Value on 01.04.2012
5. Depreciation on Tangible Assets has not been charged as all assets lying in the books has been transferred to NHAI at zero value on 01.04.2012.
6. **Components of cash & cash equivalents :**

	As at 31st March 2016 (Rs.)	As at 31st March 2015 (Rs.)
Balances with Schedule Banks in Current account (Canara Bank)	1,26,736	1,81,793
	1,26,736	1,81,793

7. The company being a wholly state owned enterprises as defined under Accounting Standard - 18 on related party disclosures, no disclosure as regards to related party relationship with other state control enterprises is required. The Company does not have any transaction with any other party excepts NHAI.
8. Deferred Tax Assets on brought forward loss and on depreciation has not been recognized as asset in absence of virtual certainty of future taxable income.
9. **Earning / (Loss) Per Share:**

Basic Earning Per Share		
Total no. of equity shares of Rs. 10 each fully paid up	3,00,00,000	3,00,00,000
No. of weighted av. equity shares outstanding	3,00,00,000	3,00,00,000
Net profit/ (loss) for the year	(2,893,035)	723,985
Basic earning / (loss) per share (Rs.)	**(0.10)**	**(0.02)**
Diluted Earning Per Share		
Weighted average no. of potential equity shares	3,00,00,000	3,00,00,000
Diluted Profit / (loss) for the year	3,00,00,000	3,00,00,000
Diluted Profit / (loss) for the year	(2893035)	(723985)
Diluted earning/ (loss) per share (Rs.)	**(0.10)**	**(0.02)**

10. Previous year figures have been rounded off to the nearest rupees except earning / (loss) per share.
11. In the opinion of the management, current assets, loans and advances are stated at the value, which, if realized in the ordinary course of the business, would not be less than the amount mentioned
12. Prior period items NA
13. **Contingent liabilities & provisions**

i. Case filed with income tax department

a. The company had received an order of penalty of Rs. 5.5 crores from Income Tax Department under section 271(1)(c) for the assessment year 2003-04. The case was decided by CIT(A) in favour of the company on 23.10.2008 but department filed appeal against the order of CIT(A) before ITAT. In view of the above contingent liability of Rs. 5.5 crores may be occurred.

b. The company had received an order of penalty of Rs. 2,41,56,197/- from Income Tax Department under section 271(1)(c) for the assessment year 2007-08 which was confirmed by CIT(A) and the company has filed an appeal before ITAT.

ii. Arbitration Cases

Liabilities against final bill for construction of Moradabad Bypass:

UPSBC Ltd. Had filed an arbitration case against the company towards delay in payment of Rs. 17,845,199 and Rs. 14,147,740 as approved by the engineer for payment in IPC#44 towards the work done by the contractors and raised following additional claims. :

a) A sum of Rs. 4,601,275,650 (Rs. 460.13 crores approx) towards interest due to delay in payment of certifies amount by the engineer towards of work done upto 11.1.2010 @ 8% compounded monthly.
b) Interest @ 8% compounded monthly beyond 11.01.2010 till the payment is realised / made.
c) Rs. 10 Lacs towards cost of arbitration.
d) Rs. 5 Lacs towards cost of amicable settlement.

RCC Developers filed arbitration case against the company and award was granted by the Tribunal on 02.06.2015 as under:

i) Principal claim:		2682980
ii) Interest: Feb. 2010 to 08.01.2015	1167015	
iii) Interest on principal from	146865	1313880
Total		3996860

v) Status of Income Tax Cases

Sl.No.	A.Y.	Section under which order was passed	Status	Actual tax/ penalty paid	Tax/penalty may have to be paid depending upon adjudication	Possible addition to losses by A.O.
1	2003-04	143(3)	Appeal filed with Hon'ble High Court of Delhi with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building.	N.A.	N.A	145,444,692
2	2003-04	271(1)(c)	Case decided in favor of the company by ITAT on 02.06.2015	N.A.	5,50,00,000	N.A.
3	2003-04 & 2004-05	201(1)/201(1A)	Demand of TDS raised for Rs. 776687/- which was deposited by the company and appeal filed by the company, ITAT had decided in favor of the company. As per correspondence from the Department filed appeal before Hon'ble High Court of Delhi. However, till few days back, no such appeal is listed with the HC.	Refund of Rs. 776,687/- is due	N.A	N.A.
4	2004-05	143(3)	Appeal filed with Hon'ble High Court of Delhi with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road	N.A.	N.A	114,411,007

			as building.			
5	2004-05	271(1)(C)	Order of CIT(A) received on 12.11.08 against the company. Penalty was imposed on the basis of additions made under section 143(3) referred to at SL. 05 treating it as concealment of facts. Appeal filed before ITAT against above order of CIT(A).	Penalty of Rs. 3,75,00,000/- plus Rs. 37,50,000/- as interest thereon have been deposited with income tax department under protest.	N.A	N.A.
6	2005-06	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building and disallowance of O & M and other expenses and reopening of assessment is involved in the above said appeal.	N.A.	N.A	Rs. 9,766,166/- as per order u/s 143(3) and Rs. 106,431,686/- as per order u/s 250/143(3)
7	2006-07	143(3)	Appeal filed with Hon'ble High Court of Delhi with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed depreciation only @ 10% treating toll road as building.Further the expenses incurred on maintenance of toll road and interest payable to banks and financial institutions, disallowed by AO on the ground of not providing confirmations/evidence, are being contested.	Demand of Rs. 1,94,89,811/- (Rs. 1,92,96,843 as demand an Rs. 1,92,968 as interest thereon deposited) .	N.A	N.A.
8	2007-08	143(3)	Appeal filed before Hon'ble High Court of Delhi. The issue involved is the amount of addition for depreciation derived by the assessing officer does not match with the amount claimed by the company as referred to in relevant depreciation schedule. Case decided against the company.	N.A.	N.A	7,16,79,068/-
9	2007-08	271(1)(c)	Penalty deposited and appeal filed before ITAT.	2,41,56,000	N.A.	N.A.
10	2011-12	143(2)	Proceeding have been completed and the order is in the company's favor	N.A.	N.A.	N.A.
11	2012-13	143(2)	Proceeding have been completed with negligible addition without any cash flow.	N.A.	N.A.	N.A.
12	2013-14	143(3)	The Company has filed an appeal before CIT(A) against order of AO. U/s. 14393) of the Income tax Act, 1961 for additions of Rs.51.12 crores made by AO	N.A.	N.A.	N.A.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

1. All the directors of the company are holdings office in company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/allowances or otherwise.

2. No Transaction has occurred in following balances during the year:

UPSBC Ltd (Contractor)	Rs. 6, 58,000/- Credit balance
CES India Pvt Ltd (Consultants)	Rs. 4, 77,515/- Credit balance
UPSBC Ltd (Contractor) Contractors	Rs. 22,062,138/- Credit balance

   These credit balances are subject to confirmation.

3. No provision for income Tax (Including deferred tax) has been made as there is no taxable income.

4. All Tangible Assets lying in the books as on 31.03.2012 has been transferred to NHAI at zero Value on 01.04.2012.

5. Depreciation on Tangible Assets has not been charged as all assets lying in the books have been transferred to NHAI at zero value on 01.04.2012.

6. **Components of cash & cash equivalents:**

	As at 31st March , 2016 Rs.	**As at 31st March 2015 Rs.**
Balances with Schedule Banks in Current account (SBI)	1,81,793	90,414
	1,81,793	**90,414**

7. The company being wholly state owned enterprises as defined under Accounting Standard - 18 on related party disclosures, no disclosure as regards to related party relationship with other state control enterprises is required. The Company does not have any transaction with any other party excepts NHAI.

8. Deferred Tax Assets on brought forward loss and on depreciation has not been recognized as asset in absence of virtual certainty of future taxable income.

9. **Earnings / (Loss) Per Share:**

Basic Earnings per Share

	For the year ended 31st March, 2013	**For the year ended 31st March 2012**
Total no. of equity shares of Rs. 10 each fully paid up	30,000,000	30,000,000
No. of weighted av. equity shares outstanding	30,000,000	30,000,000
Net loss for the year	(723,985)	4,280,722
Basic earnings / (loss) per share (Rs.)	**(0.02)**	**0.14**

Diluted Earnings per Share

	For the year ended 31st	**ie year ended 31st March 2014**

	March, 2015	
Total no. of equity shares of Rs. 10 each fully paid up	3,00,00,000	3,00,00,000
Weighted average no. of potential equity shares	3,00,00,000	3,00,00,000
Diluted loss for the year	(723,985)	4,280,722
Diluted earnings/ (loss) per share (Rs.)	**(0.02)**	**0.14**

Previous year figures have been rounded off to the nearest rupees except earnings / (loss) per share.

10. In the opinion of the management, current assets, loans and advances are stated at the value, which,if realized in the ordinary course of the business, would not be less than the amount mentioned.

11. Prior period expenses

	For the year ended 31st March, 2015 (Rs.)	For the year ended 31st March 2014 (Rs.)
Retention money forfeited		2,77,551
Professional fees		-
Filing Fee		-
Establishment Expenses		-
Penalty & Sale proceeds of Bid documents from contractors		1,09,089
		3,86,640

-

12. Contingent liabilities & provisions

1. **Case filed with income tax department**

a. The company had received an order of penalty of Rs. 5.5 crores from Income Tax Department under section 271(1) (c) for the assessment year 2003-04. The case was decided by CIT (A) in favour of the company on 02.06.2015. (b)The company had received an order of penalty of Rs. 2,41,56,197/- from Income Tax Department under section 271(1)(c) for the assessment year 2007-08 which was confirmed by CIT(A) and the company has filed an appeal before ITAT.

2. **Arbitration Cases**

Liabilities against final bill for construction of Moradabad Bypass:
UPSBC Ltd. had filed an arbitration case against the company towards delay in payment of Rs. 17,845,199 and Rs. 14,147,740 as approved by the engineer for payment in IPC#44 towards the work done by the contractors and raised following additional claims. :

a. A sum of Rs. 4,601,275,650 (Rs. 460.13 crores approx) towards interest due to delay in payment of certifies amount by the engineer towards of work done upto 11.1.2010 @ 8% compounded monthly.

b. Interest @ 8% compounded monthly beyond 11.01.2010 till the payment is realised / made.

c. Rs. 10 Lacs towards cost of arbitration.

d. Rs. 5 Lacs towards cost of amicable settlement.

Pending bill of Supervision Consultant

Contingent liability of Rs.189,141 towards consultancy fee of Consulting Engineering Services India P Ltd. A claim of Rs. 666,656 is raised by Consulting Engineering Services India P ltd and out of above only Rs. 477,515 is provided in the books.

RCC Developers filed arbiratlon case against the company and award was granted by the

Tribunal on 02.06.2015 as under:

i) Principal claim:	2682980
ii) Interest	1167015
iii) Interest on principal from Feb. 2010 to 08.01.2015	54909
Total	3904904

In this connection, the company had provided for Rs. 26,82,980/- The balance may be considered as contingent liability as the management of the company may consider for filing further appeal in this matter.

3. Status of Income Tax Cases

Sl.No.	A.Y.	Section under which order was passed	Status	Actual tax/ penalty paid	Tax/penalty may have to be paid depending upon adjudication	Possible addition to losses by A.O.
1	2003-04	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building. The case was decided against the company and the company decided not to refer further appeal.	N.A.	N.A	14,54,44,692
2.	2003-04	271(c)	Case decided by ITAT on 02.06.15 in favour of the company. Penalty involved was Rs. 5.50 Crore	N.A	N.A	N.A
3.	2003-04 & 2004-05	201(1)/201(1A)	Demand of TDS raised for Rs. 776687/- which was deposited by the company, ITAT had decided in favour of the company. As per correspondence from the Department filed appeal before Hon'ble High Court of Delhi. Howver, till few days back, no such appeal appeal is listed with the HC. Action has been initiated for claim of refund.	Refund of Rs. 776,687/- is due	N.A	N.A.
4.	2004-05	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed depreciation only @ 10% treating toll road as building. The case was decided against the company and the company decided not to refer further appeal.	N.A.	N.A	11,44,11,007
5.	2004-05	271(1)(C)	Order of CIT(A) received on 12.11.08 against the company. Penalty was imposed on the basis of additions made under section 143(3) referred to at SL. 05 treating it as concealment of facts. Appeal filed before ITAT against above order of CIT(A). Case decided in favor of the company on 02.06.2015. Action has been initiated for refund of penalty and interest deposited as per CIT(A)	Penalty of Rs. 3,75,00,000/- plus Rs. 37,50,000/- as interest thereon have been deposited with income tax department under protest.	N.A	N.A.
6.	2005-06	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep.	N.A.	N.A	Rs. 9,766,166/- as per order u/s 143(3) and Rs. 106,431,686/- as

			@ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building and disallowance of O & M and other expenses and reopening of assessment is involved in the above said appeal.			per order u/s 250/143(3)
7.	2006-07	143(3)	Appeal filed with Hon'ble High Court of Delhi with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed depreciation only @ 10% treating toll road as building. Further the expenses incurred on maintenance of toll road and interest payable to banks and financial institutions, disallowed by AO on the ground of not providing confirmations/evidence, are being contested.	Demand of Rs. 1,94,89,811/- plus interest of Rs. 1,92,968/- as interest thereon deposited.	N.A	N.A.
8.	2007-08	143(3)	Appeal filed before Hon'ble High N.A. Court of Delhi. The issue involved is the amount of addition for depreciation derived by the assessing officer does not match with the amount claimed by the company as referred to in relevant depreciation schedule. The case was decided against the company and company decided not to prefer further appeal.	N.A.	N.A	7,16,79,068/-
9.	2007-08	271(1)(c)	Penalty Order issued by AO which was appealed against with \TAT	N.A		
10.	2011-12	143(2)	Proceedings have been completed and the order is in company's favour.	N.A	2,41,56,197/-	N.A
11.	2012-13	143(2)	Proceedings have been completed with negligible addition without any cash flow.	N.A	N.A	N.A

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

1. All the directors of the company are holdings office in company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/ allowances or otherwise.

2. No Transaction has occurred in following balances during the year :

UPSBC Ltd (Contractor)	Rs. 6, 58,000/- Credit balance
CES India Pvt Ltd (Consultants)	Rs. 4, 77,515/- Credit balance
UPSBC Ltd (Contractor)	Rs. 22,062,138/- Credit balance

These credit balance are subject to confirmation.

3. No provision for income Tax (Including deferred tax) has been made as there is no taxable income.

4. All Tangible Assets lying in the books as on 31.03.2012 has been transferred to NHAI at zero Value on 01.04.2012

5. Depreciation on Tangible Assets has not been charged as all assets lying in the books has been transferred to NHAI at zero value on 01.04.2012.

6. **Components of cash & cash equivalents**

	As at 31st March , 2014 Rs.	As at 31st March 2013 Rs.
Balances with Schedule Banks in Current account (SBI)	90,414	216,590
	90,414	**216,590**

7. The company being a wholly state owned enterprise as defined under Accounting Standard - 18 on related party disclosures, no disclosure as regards to related party relationship with other state control enterprises is required. The Company does not have any transaction with any other party excepts NHAI.

8. Deferred Tax Assets on brought forward loss and on depreciation has not been recognized as asset in absence of virtual certainty of future taxable

	For the year ended 31st March, 2014	For the year ended 31st March 2013
Total no. of equity shares of Rs. 10 each fully paid up	30,000,000	30,000,000
No. of weighted av. equity shares outstanding	30,000,000	30,000,000
Net loss for the year	(723,985)	4,280,722
Basic earnings / (loss) per share (Rs.)	**(0.02)**	**0.14**

9. Earnings / (Loss) Per Share:

Basic Earnings per Share		
	For the year ended 31st March, 2014	**For the year ended 31st March 2013**
Total no. of equity shares of Rs. 10 each fully paid up	30,000,000	30,000,000
No. of weighted av. Equity shares outstanding	30,000,000	30,000,000
Net loss for the year	4,280,722	-511,528,632
Basic earnings / (loss) per share (Rs.)	**0.14**	**(17.05)**
Diluted Earnings per share		
	For the year ended 31st March, 2015	**For the year ended 31st March 2014**
Total no. of equity shares of Rs. 10 each fully paid up	**3,00,00,000**	**3,00,00,000**
Weighted average no. of potential equity shares	**3,00,00,000**	**3,00,00,000**
Diluted loss for the year	4,280,722	-511,528,632
Diluted earnings/ (loss) per share (Rs.)	**0.14**	**(17.05)**

Earning / (Loss) Per Share:
Previous year figures have been rounded off to the nearest rupees except earning / (loss) per share.

In the opinion of the management, current assets, loans and advances are stated at the value, which, if realized in the ordinary course of the business, would not be less than the amount mentioned

10. Prior period items

	For the year ended 31st March, 2014 (Rs.)	For the year ended 31st March 2013 (Rs.)
Retention money forfeited	2,77,551	
Professional fees	-	(2369)
Filing Fee	-	(500)
Establishment Expenses	-	(15,809)
Penalty & Sale proceeds of Bid documents from contractors	1,09,089	-
	3,86,640	**(18,678)**

11. Contingent liabilities & provisions

i. Case filed with income tax department

(a) The company had received an order of penalty of Rs. 5.5 crores from Income Tax Department under section 271(1)(c) for the assessment year 2003-04. The case was decided by CIT(A) in favour of the company on 23.10.2008 but department filed appeal against the order of CIT(A) before ITAT. In view of the above contingent liability of Rs.5.5 crores may be occurred.

(b) The company had received an order of penalty of Rs. 2,41,56,197/- from Income Tax Department under section 271(1)(c) for the assessment year 2007-08 which was confirmed by CIT(A) and the company has filed an appeal before ITAT.

12. Arbitration Cases

Liabilities against final bill for construction of Moradabad Bypass:

UPSBC Ltd. Had filed an arbitration case against the company towards delay in payment of Rs. 17,845,199 and Rs. 14,147,740 as approved by the engineer for payment in IPC#44 towards the work done by the contractors and raised following additional claims. :

a. A sum of Rs. 4,601,275,650 (Rs. 460.13 crores approx) towards interest due to delay in payment of certifies amount by the engineer towards of work done upto 11.1.2010 @ 8% compounded monthly.
b. Interest @ 8% compounded monthly beyond 11.01.2010 till the payment is realised / made.
c. Rs. 10 Lacs towards cost of arbitration.
d. Rs. 5 Lacs towards cost of amicable settlement.

If interest liability is calculated till 31.03.2014 , this total interest liability will be Rs. 22,739.92. crores (approx).

Pending bill of Supervision Consultant

Contingent liability of Rs. 189,141 towards consultancy fee of Consulting Engineering Services India P Ltd. A claim of Rs. 666,656 is raised by Consulting Engineering Services India P ltd and out of above only Rs. 477515 is provided in the books.

vi) Status of Income Tax Cases

S.No.	A.Y.	Section under which order was passed	Status	Actual tax/ penalty paid	Tax/penalty may have to be paid depending upon adjudication	Possible addition to losses by A.O.
1	2003-04	143(3)	Appeal filed with Hon'ble High Court of Delhi with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building.	N.A.	N.A	145,444,692

2	2003-04 & 2004-05	201(1)/201(1A)	Demand of TDS raised for Rs. 776687/- which was deposited by the company and appeal filed by the company, ITAT had decided in favour of the company. As per correspondence from the Department filed appeal before Hon'ble High Court of Delhi. Howver, till few days back, no such appeal appeal is listed with the HC.	Refund of Rs. 776,687/- is due	N.A	N.A.
3	2004-05	143(3)	Appeal filed with Hon'ble High Court of Delhi with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building.	N.A.	N.A	114,411,007
4	2004-05	271(1)(C)	Order of CIT(A) received on 12.11.08 against the company. Penalty was imposed on the basis of additions made under section 143(3) referred to at SL. 05 treating it as concealment of facts. Appeal filed before ITAT against above order of CIT(A).	Penalty of Rs. 3,75,00,000/- plus Rs. 37,50,000/- as interest thereon have been deposited with income tax department under protest.	N.A	N.A.
5	2005-06	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building and disallowance of O & M and other expenses and reopening of assessment is involved in the above said appeal.	N.A.	N.A	Rs. 9,766,166/- as per order u/s 143(3) and Rs. 106,431,686/- as per order u/s 250/143(3)
6	2006-07	143(3)	Appeal filed with Hon'ble High Court of Delhi with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed depreciation only @ 10% treating toll road as building.Further the expenses incurred on maintenance of toll road and interest payable to banks and financial institutions, disallowed by AO on the ground of not providing confirmations/evidence , are being contested.	Demand of Rs. 1,94,89,811/- (Rs. 1,92,96,843 as demand an Rs. 1,92,968 as interest thereon deposited) .	N.A	N.A.
7	2007-08	143(3)	Appeal filed before Hon'ble High Court of Delhi. The issue involved is the amount of addition for depreciation derived by the assessing officer does not match with the amount claimed by the company as referred to in relevant depreciation schedule.	N.A.	N.A	7,16,79,068/-

vii) Scrutiny case for the Assessment Year 2011-12 was concluded during the year and the assessment order is as per the return filed by the company.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

1. Reconciliation between MTRCL & NHAI is under process.
   Balance as per MTRCL Books Rs. 441,119,479.76 Credit (Payable to NHAI)
   Balance as per NHAI Books Rs. 433,339,432.28 Debit (Recoverable From MTRCL)

2. All the directors of the company are holdings office in company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to them as salary/allowances or otherwise.

3. No Transaction has occurred in following balances during the year:
   UPSBC Ltd (Contractor) Rs. 6, 58,000/- Credit balance CES India Pvt Ltd
   (Consultants) Rs. 4, 77,515/- Credit balance UPSBC Ltd
   (Contractor) Contractors Rs. 22,062,138/- Credit balance

   These credit balances are subject to confirmation.

4. No provision for income Tax (Including deferred tax) has been made as there is no taxable income.

5. All Tangible Assets lying in the books as on 31.03.2012 has been transferred to NHAI at zero Value on 01.04.2012.

6. Depreciation on Tangible Assets has not been charged as all assets lying in the books have been transferred to NHAI at zero value on 01.04.2012.

7. **Components of cash & cash equivalents:**

	As at 31st March , 2013 Rs.	As at 31st March 2012 Rs.
Balances with Schedule Banks in Current account (SBI)	2,16,590	1,58,714
	2,16,590	**1,58,714**

8. The company being wholly state owned enterprises as defined under Accounting Standard - 18 on related party disclosures, no disclosure as regards to related party relationship with other state control enterprises is required. The Company does not have any transaction with any other party excepts NHAI.

9. Deferred Tax Assets on brought forward loss and on depreciation has not been recognized as asset in absence of virtual certainty of future taxable income.

10. **Earnings / (Loss) Per Share:**

Basic Earnings per Share

	For the year ended 31st March, 2013	For the year ended 31st March 2012
Total no. of equity shares of Rs. 10 each fully paid up	30,000,000	30,000,000
No. of weighted av. equity shares outstanding	30,000,000	30,000,000
Net loss for the year	(511,528,632.00)	(96,414,661.95)
Basic earnings / (loss) per share (Rs.)	**(17.05)**	**(3.21)**

Diluted Earnings per Share

	For the year ended 31st March, 2013 F-255	ie year ended 31st March 2012
Total no. of equity shares of Rs. 10 each fully paid up	3,00,00,000	3,00,00,000
Weighted average no. of potential equity shares	3,00,00,000	3,00,00,000
Diluted loss for the year	(511528632.00)	(96414661.95)
Diluted earnings/ (loss) per share (Rs.)	**(17.05)**	**(3.21)**

Previous year figures have been rounded off to the nearest rupees except earnings / (loss) per share.

11. In the opinion of the management, current assets, loans and advances are stated at the value, which,if realized in the ordinary course of the business, would not be less than the amount mentioned.

12. Prior period expenses

	r the year ended 31st March, 2013 (Rs.)	r the year ended 31st March 2012 (Rs.)
Retention money	-	8,006
Professional fees	2,369	18,900
Filing Fee	500	-
Electricity charges	-	541,680
Establishment Expenses	15,809	-
Interest on sub - debt to NHAI	-	10,983,193
Depreciation on fixed assets (From 04.12.2010 to 31.03.2012)	-	18,492,733
	<u>**18,678**</u>	<u>**30,044,512**</u>

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13. Contingent liabilities & provisions

i. Case filed with income tax department

a) The company had received an order of penalty of Rs. 5.5 crores from Income Tax Department under section 271(1) (c) for the assessment year 2003-04. The case was decided by CIT (A) in favour of the company on 23.10.2008 but department filed appeal against the order of CIT (A) before ITAT.In view of the above contingent liability of Rs. 5.5 crores may be occurred.

b) The company had received an order of penalty of Rs. 2,41,56,197/- from Income Tax Department under section 271(1)(c) for the assessment year 2007-08. The company has filed appeal against this order. In view of the above contingent liability of Rs. 2,41,56,197/- crores may be occurred.

ii. Arbitration Cases
<u>Liabilities against final bill for construction of Moradabad Bypass</u>:
UPSBC Ltd. had filed an arbitration case against the company towards delay in payment of Rs. 17,845,199 and Rs. 14,147,740 as approved by the engineer for payment in IPC#44 towards the work done by the contractors and raised following additional claims. :

a. A sum of Rs. 4,601,275,650 (Rs. 460.13 crores approx) towards interest due to delay in payment of certifies amount by the engineer towards of work done upto 11.1.2010 @ 8% compounded monthly.
b. Interest @ 8% compounded monthly beyond 11.01.2010 till the payment is realised / made.

c. Rs. 10 Lacs towards cost of arbitration.
d. Rs. 5 Lacs towards cost of amicable settlement.

If interest liability is calculated till 31.03. 2013, this total interest liability will be Rs. 6,715.30 crores (approx).

Pending bill of Supervision Consultant

Contingent liability of Rs. 189,141 towards consultancy fee of Consulting Engineering Services India P Ltd. A claim of Rs. 666,656 is raised by Consulting Engineering Services India P ltd and out of above only Rs. 477,515 is provided in the books.

4. **Status of Income Tax Cases**

S.No.	A.Y.	Section under which order was passed	Status	Actual tax/ penalty paid	Tax/penalty may have to be paid depending upon adjudication	Possible addition to losses by A.O.
1	2003-04	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building.	N.A.	N.A	14,54,44,692
2	2003-04 & 2004-05	201(1)/201(1A)	Demand of TDS raised for Rs. 776687/- which was deposited by the company and preferred appeal before CIT (A) who passed order in favour of company. Accordingly company filed an application for refund of Rs. 776,687/- but in the mean time , department has filed an appeal with ITAT against the order of CIT(A)	Refund of Rs. 776,687/- is due	N.A	N.A.
3	2004-05	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed depreciation only @ 10% treating toll road as building.	N.A.	N.A	11,44,11,007
4	2004-05	271(1)(C)	Order of CIT(A) received on 12.11.08 against the company. Penalty was imposed on the basis of additions made under section 143(3) referred to at SL. 05 treating it as concealment of facts. Appeal filed before ITAT against above order of CIT(A).	Penalty of Rs. 3,75,00,000/- plus Rs. 37,50,000/- as interest thereon have been deposited with income tax department under protest.	N.A	N.A.

5	2005-06	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed dep. Only @ 10% treating toll road as building and disallowance of O & M and other expenses and reopening of assessment is involved in the above said appeal.	N.A.	N.A	Rs. 9,766,166/- as per order u/s 143(3) and Rs. 106,431,686/- as per order u/s 250/143(3)
6	2006-07	143(3)	Appeal filed with ITAT with a point of contention involved in this case is allowability of depreciation on toll road. The company has claimed dep. @ 25% treating it as plant while the department has allowed depreciation only @ 10% treating toll road as building. Further the expenses incurred on maintenance of toll road and interest payable to banks and financial institutions, disallowed by AO on the ground of not providin g confirmations/evidence, are being contested.	Demand of Rs. 1,92,96,843/- plus interest of Rs. 1,92,968/- as interest thereon deposited.	N.A	N.A.
7	2007-08	143(3)	Appeal filed against order of CIT (A) because the amount of addition for depreciation derived by the assessing officer does not match with the amount claimed by the company as referred to in relevant depreciation schedule.	N.A.	N.A	7,16,79,068/-

One Scrutiny case for the Assessment Year 2011-12 and one scrutiny case under section 143(2) for the Assessment Year 2012-13 are pending with the department for which amount of penalty or demand is not yet ascertainable

Statement of Accounting Ratios

Annexure-VII

Notes:

The ratios have been computed as below:

Earning per Share (`) — Profit after tax ≠ Number of equity shares at the end of the year.

Return on net worth (%)= — Profit after tax / Net Worth at the end of the year.

Net asset value per equity share (Rs.) — Net worth at the end of the year / Number of equity shares outstanding at the end of the

Debt equity — Total Debt outstanding at the end of the year / Net worth at the end of the year.

PARTICULARS	2017	2016	2015	2014	2013
Earning per share (Basic/Diluted) (`)	0.02	(0.10)	(0.02)	0.14	(17.05)
Return on net worth (%)	N.A.	N.A.	N.A.	0.00%	N.A.
Net asset value per equity share (`)	(31.49)	(31.51)	(31.41)	(31.39)	(31.53)
Weighted average number of equity shares outstanding during the year / period (in crore)	3	3	3	3	3
Total number of share outstanding at the end of the year / period (in crore)	3	3	3	3	3
Debt Equity Ratio	16.01	16.01	16.01	16.01	16.01

MORADABAD TOLL ROAD COMPANY LIMITED

Qualification/Emphasis of Matter paragraph to Auditors' Reports **Annexure-VIII**

Year ending March 31, 2017

We draw the attention to shareholders on the following matters:

a. The assets (i.e. Moradabad by pass along with other assets) which were earlier transferred to Mis. Moradabad Bareilly expressway ltd. w.e.f 04.12.2010, were reinstated on 01.04.2011 at a value of Rs. 586,858,111/-, and the reinstated assets which were lying in the books of MTRCL as on 31.03.2012 has been transferred to NHAI as on 01.04.2012 at Zero value resulting loss Rs.511, / 63,2751- to the company. However no supporting evidences, agreements, confirmation etc. were made available to us confirming the same. Also board of Director didn't call any general Meeting regarding transfers of Fixed Assets and consent of shareholders, under section 293(JJ(a) of companies Act, 1956 was not taken prior transfer of such assets. Therefore, we are unable to comment on true & fairness of the aforesaid transaction.

b. Since the company had transferred toll collection rights of Moradabad Bypass to M/s Moradabad Bareilly Expressway Ltd. and toll collection was also carried out by MIY Moradabad Bareily Expressway Ltd., as toll right have been handed over. toll revenue has also been ceased and going concern has also been affected

c. We are unable to verify the credit balance of Rs·. 22,062,138/- of UPSBC Ltd., Rs. 658.000/- for other deduction of UPSBC Ltd., Rs. 477,515/- of CES India Pvt. Ltd., and Rs. 78,744/- of Vimal Transformer. Further, the company has written back during the year credit balances of CES India Pvt. Ltd. and Vimal Transformer amounting to Rs·. 477,5151- and Rs. 78,744/- respectively.

d. In absence of details and confirmation of the same, the effect on the profit and assets and liabilities if any is not ascertainable.

e. The expenses recoverable by NHAI as per the company Books as on 31st March 2017 is Rs. 467,688.685.28 (credit Balance), whereas the amount recoverable from company as per the NHAI Books is Rs. 469,093,157.28 (Debit Balance). Reconciliation between MTRCL and NHAI has not been made. The effects of the reconciliation if any on the financial statements is not ascertainable.

f. The company has not appointed whole lime key managerial personnel as required uA 203 of the companies Act, 2013 read with Rule 8 of the Companies (Appoinlment & Remuneration of Managerial Per-sonnel) Rules , 2014.

j An arbitration case filed against the company by UPSBC Ltd. and UPSBC had demanded a sum of RS. 460.13 crore towards interest, due to delay in payment of certified amount by engineers towards works done up to 11.01.2010 @ 8% compounded monthly and Rs. JO lac towards cost of arbitration and Rs. 5 lacs towards cost of amicable settlement. The above calculation is based on various correspondence made between MFRCL and UPBSC ltd and as mentioned in Note No.2.24(2) to the financial statements . As the copy of the arbitration case filed before the appropriate authority is
not made available to us therefore we are unable to comments on correctness of the above said contingent liability and its impact on the financial statements is not ascertainable

g. A demand is raised by the CES lndia (P) Ltd. amounting to Rs. 666,656/- but the company had provided only Rs. 4 77,515/- in the books which has been written back during the year by the company. This has resulted contingent liability of Rs. 666,656 1-. The above calculation is based on the

correspondence between consulting Services India (PJ Ltd and Moradabad Toll Road Co. Ltd. As the proper invoice and other supporting documents were not available to us, therefore we are unable to comment on the
correctness of the same.

h. There are 9 cases filed for land acquisition for the construction of Moradabad Bypass. These cases are still pending in court. As per information and explanation provided by management these cases are filed against the NHAI and MTRCL is not involved. As the proper copy of case filed and other supportive documents are not made available to us, therefore we are unable to comment and determine amount of contingent liability involved and its correctness. Also its impact on the financial statements is not t.lscertainable.

g. The company has writ/en back during the year electricity charges due for Rs. I 71,0251-. As the proper invoice and 01h er supporting documents were nor ovailable to us, therefore we are unable to comment on the correctness of the same Our opinion is not modified in respect this matter

Year ending March 31, 2016

We draw the attention to shareholders on the following matters:

a. The assets (i.e. Moradabad by pass along with other assets which were earlier transferred to M/s. Moradabad Bareilly expressway Lid. w.ef 04.12.2010, were reinstated on 01.04.201 I at a value of Rs. 586,858,l I JI-, and the reinstated assets which were lying in the books of MTRCL as on 31.03.2012 has been transferred to NHAJ as on 01.04.2012 at Zero value resulting loss Rs. 511,163,275/- to the company. However no supporting evidences, agreements, confirmation etc. were made available to us confirming the same. Also board of Director didn't call any general Meeting regarding transfers f Fixed Assets and consent of shareholders, under section 293(J)(a) of companies Act. 1956 was not taken prior transfer of such assets. Therefore, we are unable to comment on true & fairness of the aforesaid transaction.

b. Since the company had transferred toll collection rights of Moradabad Bypass to M/s. Moradabad Bareilly Expressway Ltd. and toll collection was also carried out by M!I· Moradabad Bareilly Expressway Ltd. as toll right have been handed over, toll revenue has also been ceased and going concern has also been affected.

c. We are unable lo verify the credit balance of Rs. 22.062,138/- of UPSBC Lid., R,. 658,000/- for other deduction of UPSBC Ltd., Rs. -177,515/- of CES India Pvt. Ltd. and Rs. 78,744/- of Vimal Transfimner. In absence of details and confirmation o/the same. the ejfect on the loss and assets and liabilities if any is not ascertainable.

d The expenses recoverable by NHAI as per the company Books as on 31st March 2016 is Rs. 467,364,685.28 (credit Balance) , whereas the amount recoverable from company as per the NHAI Books is Rs.468,769,157.28 (Debit Balance).
Reconciliation between MTRCL and NHAI has not been made. The effects o/the reconciliation ilany on the financial statements is not ascertainable.

e. The company has no/ appointed whole lime key managerial personnel as required u/s.203 of the companies Act, 2013 read with Rule 8 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

f An arbitration case filed against the company by UPSBC Ltd. and UPSBC had demanded a sum of RS. 460.13 crore 10wards interest. due to delay in payment of certified amount byengineers towards works done up to 11.01.2010@8% compounded monthly and R,. 1I) lac towards cost of arbitration and Rs. 5 lacs towards cost of amicable settlement. the above calculation is based on various correspondence made between lv/TRCL and UPBSC ltd and as mentioned in Note No.2.23(2) to the financial statements . As the copy of the arbitration case filed before the appropriate authori1y is not made available to us therefore we are unable to comments on correctness of the above said contingent liability and its impact on the financial statements is not ascertainable

g A demand is raised by the CES India (P) ltd. amounting 10 Rs. 666.656/- but the company had provided only Rs. 477,5151- in the books. This result contingent liability of Rs. 11!9,141/-. The above calculation is based on the correspondence between consulting Services India (P) Ltd and Moradabad Toll Road Co. Ltd. As the proper invoice and other supporting documents were not available to us, therefore we are unable to comment on the correctness of the same.

h. There are 9 cases filed for land acquisition for 1he construction Moradabad Bypass. These cases are still pending in court. As per information and explanation provided by management these cases are filed against the NHAI and MTRCL is not involved. As the proper copy (case filed and other supportive documents are not made available to us, therefore we are unable to comment and determine amount of contingent liability involved and its correctness. Also its impact on the financial statements is not ascertainable.

Our opinion is not modified in respect of this matter.

Year ending March 31, 2015

We draw the attention to share holders on the following matters:

a. The assets (i .e. Moradabad by pass along with other assets) which were earlier transferred to M/s. Moradahad Bareilly express-way Ltd. ,v.ef 04.12.2010, were reinstated on 01.04.2011 at a value of Rs. 586,8 58,11 J I-, and the reinstated assets which were lying in the books of MTRCL as on 31.03.2012 has been transferred to NHAI as on 01.04.2012 at Zero value resulting loss Rs. 511,163,275/- to the company. However no supporting evidences, agreements, confirmation etc. were made available to us confirming the same. Also board of Director didn't call any general Meeting regarding transfers of Fixed Assets and consent of shareholders, under section 293(1)(a) of companies Act. 1956 was not taken prior transfer of such assets. Therefore, we are unable to comment on true & fairness of the aforesaid transaction.

b. Since the company had tranferred toll collection rights of Moradabad Bypass to Mls Moradabad Bareilly Expressway Ltd. and toll collection was also carried out by M/s· Moradabud Bareilly Expressway Ltd. as toll right have been handed over. toll revenue has also been ceased and going concern has also been affected.

c. We are unable to verify the credit balance of Rs. 22,0 62,138/-, of UPBSC. Rs. 658.000! fo r other deduction of UPSBC. Rs. 477,515/- of CES India Pvt. Ltd, Rs.2.682 ,98 1/- of RCC Developers and Rs. 78.7441- of Vimal Transformer. In absence of details and confirmation of the same. the effect on the loss and assets and liabilities if any is not ascertainable.

d The expenses recoverable by NHAI as per the company Books as on 31st Morch 2015 is Rs. 437,7 17,685.28 (credit Balance) , whereas the amount recoverable from company os per the NHAI Books is Rs. 439,122,157.28 (Debit Balance). Reconciliation between MTRCL and NHA! has not been made. The effects of the reconciliation if' any on the financial statements is not ascertainable.

e. The company has not appointed whole time key managerial personnel a1· required u/1·.203 of the companies Act, 2013 read 1vith Rule 8 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

f. An arbitration case filed against the· company by UPSBC Ltd and UPSBC had demanded a sum of' RS 460.13 crore towards interest, due to delay in payment of certified amount by engineers towards works done up lo 11.01.2010@ 8% compounded monthly and Rs. 10 lac towards.cost of' arbitration and Rs. 5 lacs towards cost of' amicable settlement. The above calculation is based on various correspondence made between MTRCL and UPBSC Ltd and as mentioned in Note No.2.24(2) lo the financial statements. As the copy of' the arbitration case .filed before the appropriate authority is not available to us therefore we are unable to comments on correctness of' the obow: said contingent liability and its impact on the .financial statements is not ascertainable.

g. A demand is raised by the consulting services India (P) Ltd. amounting to Rs. 666,656/- hut t/w company had provided only Rs. 477,515/- in the books. This result c:onlingent liability of'Rs. 189,141/-. The above calculation is based on the correspondence between c:onsulting Services India (P) ltd and Moradabad Toll Road Co. Ltd As the proper invoice and other supporting documents were not available to us, therefore we are unabe to comment on the correctness of the same.

h. M/s. RCC developers filed arbitration case against the company and award was granted by the Tribunal on 02.06.2015 for payment of principal amount at Rs. 26,82,980/-, interest al Rs. 11,67, 015/- and interest at the rate of' 9% per annum on Rs-. 26,82,9801- from the dale of arbitration proceedings i.e. 08.01.2015 upto the date of actual payment.

The company had provided for Rs. 26,82,980/-. The balance may be considered as contingent liability as the management of' the company may consider jar filling ji1rther appeal in this matter as mentioned in Note 2.24(2)(B).

i. There are 9 cases filed for land acquisition for the construction of Morodabad Bypass. These cases are still pending in court. As per information and explanation provided by management these cases are filed against the NHA! and MTRCL is not involved As the proper c:opy of case filed and other supportive documents are not made available lo us, there/ewe we are unable to comment and determine amount of contingent liability involved and its correctness. Also its impact on the .financial statements is not usc:erlc1i11able.

Our opinion is not modified in respect of this ,natter.

Year ending March 31, 2014

We draw the attention to shareholders on the following matters:

(a) The assets (i.e Moradabad by pass along with other assets) which were earlier transferred to M/s Moradabad Bareilly Expressway Ltd. w.e.f 04.12.2010, were reinstated on 01.04.2011 at a value of Rs. 586,858,111/· and the re instated assets which were lying in the books of MTRCL as on 31.03.2012 has been transferred to NHAI as on 01.04.2012 at zero value resulting loss of Rs. 511,163,275/- to the company. However no supporting evidences, agreements, confirmation etc. were made available to us confirming the same. Also Board of Director didn't call any General Meeting regarding transfer of Fixed Assets and consent of shareholders, under section 293(1)(a) of Companies Act,1956 was not taken prior to transfer of such assets. Therefore, we are unable to comment on true & fairness of the aforesaid transaction.

(b) Since the company had transferred toll collection rights of Moradabad Bypass to M/s Moradabad Bareilly Expressway Ltd, and tall collection was also carried out by M/s Moradabad Bareilly Expressway Ltd, as toll rights have been handed over, toll revenue has also been ceased and going concern has also been affected.

(c) We are unable to verify the credit balance of Rs. 22,062,138/- of UPSBC, Rs. 658,000/· for other deductions of UPSBC,Rs. 477,515/- of CES India Pvt. Ltd., Rs. 2,682,981/- of RCC Developers and Rs.78,744/· of Vimal Transformer. In absence of details and confirmation of the same, the effect on the loss and assets and liabilities if any is not ascertainable.

(d) The expenses recoverable by NHAI as per the company Books as on 31st March 2014 is Rs. 436,84,7685.28/- (Credit Balance), whereas the amount recoverable from company as per the NHAI books is Rs. 438,252,157.28/· (Debit Balance). The Reconciliation is under process. The effect of the reconciliation if any an the financial statement is not ascertainable.

(e) The company has not appointed full time company secretary as required u/s 383A (1) of the Companies Act, 1956.

i. An arbitration case filed against the company by UPSBC Ltd and UPSBC had demanded a sum of Rs. 460.13 crores towards interest, due to delay in payment of certified amount by engineers towards work done up to 11.01.2010@ 8% compounded monthly and Rs. 10 Lacs towards cost of arbitration and Rs.5 Lacs towards cost of amicable settlement. if the interest liability is calculated upto 31.3.2014, the liability will be Rs. 22,739.92 crores (approx). The above calculation is based on various correspondence made between MTRCL and UPSBC Ltd. As the copy of the arbitration case filed before the appropriate authority is not made available to us therefore we are unable to comment on correctness of the above said contingent lia comment on the correctness of the above said contingent liability and its impact on the financial statements is not ascertainable.

ii. A demand is raised by Consulting Services India {P) Ltd amounting to Rs, 666,656/- but the company had provided only Rs.477,515/- in the books. This result contingent liability of Rs. 189,141/-. The above calculation is based on the correspondence between Consulting Services Indio (P) Ltd and Moradabad Toll Rood Co. Ltd. As the proper invoice and other supporting documents were not made available to us, therefore we are unable to comment on the correctness of the same.

(f) There are 9 cases filed for land acquisition for the construction of Moradabad Bypass.These cases are still pending in court. As per information and explanation provided by management these cases are filed against the NHAI and MTRCL is nat involved .As the proper copy of case filed and other supportive documents are not made available to us, therefore we are unable to comment and determine amount of contingent liability involved and its correctness. Also its impact on the financial statements is not ascertainable.

(g) The Profit before tax amounting to Rs. 42,80,722/- has arisen due to reversal of excess provision of expenses payable by Rs. 42,15,150/, adjustment of retention money payable to Contractors as penalty amounting to Rs. 10,004/- and booking of prior Period income on account of forfeiture of Retention Money and proceeds of sale of Bid Documents amounting to Rs. 3,86,640/-.

Year ending March 31, 2013

We draw the attention to shareholders on the following matters:

(a) The assets (i.e Moradabad by pass along with other assets) which were earlier transferred to M/s Moradabad Bareilly Expressway Ltd. w.e.f 04.12.2010, were reinstated on 01.04.2011 at a value of Rs. 586,858,111/· and the re instated assets which were lying in the books of MTRCL as on 31.03.2012 has been transferred to NHAI as on 01.04.2012 at zero value resulting loss of Rs. 511,163,275/- to the company. However no supporting evidences, agreements, confirmation etc. were made available to us confirming the same. Also Board of Director didn't call any General Meeting regarding transfer of Fixed Assets and consent of shareholders, under section 293(1)(a) of Companies Act,1956 was not taken prior to transfer of such assets. Therefore, we are unable to comment on true & fairness of the aforesaid transaction.

(b) Since the company had transferred toll collection rights of Moradabad Bypass to M/s Moradabad Bareilly Expressway Ltd, and tall collection was also carried out by M/s Moradabad Bareilly Expressway Ltd, as toll rights have been handed over, toll revenue has also been ceased and going concern has also been affected.

(c) We are unable to verify the credit balance of Rs. 22,062,138/- of UPSBC, Rs. 658,000/· for other deductions of UPSBC, Rs. 477,515/- of CES India Pvt. Ltd., Rs. 2,682,981/- of RCC Developers and Rs.78,744/· of Vimal Transformer. In absence of details and confirmation of the same, the effect on the loss and assets and liabilities if any is not ascertainable.

(d) The reconciliation between company and NHAI books has not been made. The expenses recoverable by NHAI as per the company Books as on 31st March 2013 is Rs. 441,119,479.76/- (Credit Balance), whereas the amount recoverable from company as per the NHAI books is Rs. 433,339,432.28/· (Debit Balance). The Reconciliation is under process. The effect of the reconciliation if any an the financial statement is not ascertainable.

(e) The company has not appointed full time company secretary as required u/s 383A (1) of the Companies Act, 1956.

(f) i) An arbitration case filed against the company by UPSBC Ltd and UPSBC had demanded a sum of Rs. 460.13 crores towards interest, due to delay in payment of certified amount by engineers towards work done up to 11.01.2010@ 8% compounded monthly and Rs. 10 Lacs towards cost of arbitration and Rs.5 Lacs towards cost of amicable settlement. if the interest liability is calculated upto 31.3.2013, the liability will be Rs. 6,715.30 crores (approx). The above calculation is based on various correspondence made between MTRCL and UPSBC Ltd. As the copy of the arbitration case filed before the appropriate authority is not made available to us therefore we are unable to comment on correctness of the above said contingent lia comment on the correctness of the above said contingent liability and its impact on the financial statements is not ascertainable.

ii) A demand is raised by Consulting Services India {P) Ltd amounting to Rs, 666,656/- but the company had provided only Rs.477,515/- in the books. This result contingent liability of Rs. 189,141/-. The above calculation is based on the correspondence between Consulting Services Indio (P) Ltd and Moradabad Toll Rood Co. Ltd. As the proper invoice and other supporting documents were not made available to us, therefore we are unable to comment on the correctness of the same.

(g) There are 9 cases filed for land acquisition for the construction of Moradabad Bypass. These cases are still pending in court. As per information and explanation provided by management these cases are filed against the NHAI and MTRCL is nat involved .As the proper copy of case filed and other supportive documents are not made available to us, therefore we are unable to comment and determine amount of contingent liability involved and its correctness. Also its impact on the financial statements is not ascertainable.

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF MORMUGAO PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), IN THE FINANCIAL YEAR 2018-2019 ("ISSUE").

1. We have read the reformatted financial information of **Mormugao Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Bharatmala Bonds /Auditor/2018-19 dated September 6, 2018, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2017, 2016, 2015, 2014 and 2013, which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2016-17	Sarvam&Associates
2015-16	Sarvam&Associates
2014-15	H.K. Chaudhry& Co.
2013-14	M.K. Goswami& Co.
2012-13	M.K. Goswami& Co.

We have placed reliance on the audit reports of these auditors for the respective years.

2. Management's Responsibility

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted

financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Schedule III of the Companies Act,2013.

3. Auditor's Responsibility

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures , mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013, and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. Financial Information as per Audited Financial Statements

We have read the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2013 to 31st March, 2017 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Schedule III of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2017. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013.

v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 which are reproduced in Annexure VIII.

5. *Attention is drawn to the following*:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, adjustments of amounts pertaining to mathematical accuracy and adjustment of amounts arising out of auditor's qualifications.

6. Other Reformatted Financial Information of the Company:

At the company's request we have read the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

9. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi

MORMUGAO PORT ROAD COMPANY LIMITED
REFORMATTEDSTATEMENTOFASSETSANDLIABILITIES

Particulars	Notes.No.	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
I. EQUITY AND LIABILITIES						
(1) Shareholder'sFunds						
(a) ShareCapital	**2**	14,790.18	6,230.18	5,830.18	5,830.18	5,830.18
(b) Reserves andSurplus	**3**	1,926.12	1,926.12	450.13	450.00	450.00
		16,716.30	**8,156.30**	**6,280.31**	**6,280.18**	**6,280.18**
(2) Share application money pendingallotment	**4**	600.00	1,769.82	9.82	9.82	9.82
(3) Non-CurrentLiabilities						
(a) Long-TermBorrowings	**5**	6,640.68	4,784.88	4,161.35	3,925.36	3,247.39
(b) Deferred Tax Liabilities(Net)			-	-	-	-
(4) CurrentLiabilities						
(a) Short-TermBorrowings			-	-	-	-
(b) TradePayables	**6**	3,068.35	1,175.40	3.00	17.71	66.52
(c) Other CurrentLiabilities	**7**	425.15	2101.48	4,185.75	440.61	465.00
(d) Short-TermProvisions	**8**	8.78	0.17	3.56	6.85	5.02
TOTAL		**27,459.26**	**17,988.05**	**14,643.79**	**10,680.53**	**10,073.93**
II. ASSETS						
(1) Non-CurrentAssets						
(a) FixedAssets						
(i) Tangible	**9**	0.07	0.14	0.07	0.25	0.45
(ii) Capital Work inProgress	**10**	23,858.02	11,158.19	10,331.69	9,912.38	8,276.52
(b) Non-currentinvestments						
(c) Deferredtaxassets(net)			-	-	-	-
(d) Long term loans andadvances	**11**	505.00	505.00	505.00	505.00	505.00
(e) Other non-current assets	**12**	121.35	-	37.61	37.61	37.61
(2) CurrentAssets						
(a) Currentinvestments			-	-	-	-
(b) Inventories			-	-	-	-
(c) Tradereceivables			-	-	-	-
(d) Cash and Cashequivents	**13**	959.26	4,333.53	3,755.90	56.36	29.12
(e) Short-term loans andadvances	**14**	2,015.56	1,991.19	13.52	168.93	1,225.23
(f) Other currentassets	**15**	0.00	-	0.00	0.00	0.00
TOTAL		**27,459.26**	**17,988.05**	**14,643.79**	**10,680.53**	**10,073.93**

MORMUGOA PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF PRE-OPERATIVE EXPENDITURE

(Rs. In Lacs)

Particulars	**NoteNo.**	**For the Yearending**				
		31-Mar-17	**31-Mar-16**	**31-Mar-15**	**31-Mar-14**	**31-Mar-13**
Pre -Operative Expenditure			-	-	-	-
Employee Benefit Expenses	**16**	9.10	9.02	7.11	6.33	3.74
Other Expense	**17**	12.34	75.02	15.47	16.37	13.18
Financial Charges	**18**	542.00	448.47	397.32	353.86	308.45
A		**563.44**	**532.51**	**419.90**	**376.56**	**325.37**
LESS :-						
Interest on Equiptment Advance		-	-	-	-	66.89
Interest on FDR		5.55	5.70	11.52	22.17	2.76
Interest on Mob Adv -Aarvee		-	-	-	-	-
Interest on Mob Adv -KMC		-	-	-	10.72	80.22
Prior Period -Interest on Mob Adv		-	-	-	-	-
Sale of Tender Income		0.07	0.75	0.42	0.18	-
Misc. Reciepts		107.60	16.68	0.81	29.30	9.28
B		**113.22**	**23.13**	**12.75**	**62.37**	**159.15**
Add :						
Provision for Income Tax		37.43	1.99	3.56	6.85	0.85
Provision for Fringe Benefit Tax		-	-	-	-	-
Excess Provision for Earlier years		5.58	0.57	-	(8.73)	-
C		**43.01**	**2.56**	**3.56**	**(1.88)**	**0.85**
Add :						
Prior Period Expenses **D**		2.48	1.56	0.10	0.27	16.09
Assets written off				0.25		
	(A-B+C+D)	**495.71**	**513.50**	**411.06**	**312.58**	**183.16**
Unallocated pre operating expenditure upto previous financial year.		2,073.04	1,559.52	1,148.48	835.88	652.72
Balance Carried Forward to Balance Sheet Note No. 10 "Capital Work in Progress" as Unallocated Pre- Operative Expenditure		**2,568.76**	**2,073.04**	**1,559.52**	**1,148.48**	**835.88**

MORMUGAO PORT ROAD COMPANY LIMITED
REFORMATTED CASH FLOW STATEMENT

Annexure-III
(Rs. In Lacs)

	Particulars	For the Year Ending 31st March 2017	For the Year Ending 31st March 2016	For the Year Ending 31st March 2015	For the Year Ending 31st March 2014	For the Year Ending 31st March 2013
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**					
	Profit before Taxation	-	-	-	-	-
	Operating Profit before working capital changes	-	-	-	-	-
	Adjustments for:-					
	Increase(Decrease) in Current Liabilities	225.24	(915.27)	3,727.15	(71.37)	(9.86)
	(Increase)/Decrease in Current Assets, Loans & Advances	(24.38)	(1,977.68)	155.42	1,056.30	75.64
	Net cash from Operating Activities	200.86	(2,892.95)	3,882.57	984.93	65.78
B.	**CASH FLOW FROM INVESTING ACTIVITIES**					
	Increase/(Decrease) in NonCurrent Assets	(121.35)	37.61	-	-	-
	(Increase)/Decrease in Current Assets, Loans & Advances	-	-	-	-	-
	(Increase)/Decrease in Capital Work in Progress	(12,699.82)	(826.50)	(419.32)	(1,635.86)	(484.62)
	(Increase)/Decrease in FixedAssets	0.06	(0.06)	0.18	0.20	0.20
	Preliminary Expenses		-	0.00	-	-
	Net cash used in Investing Activities	**(12,821.11)**	**(788.95)**	**(419.14)**	**(1,635.66)**	**(484.42)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Proceeds from Unsecured Loans	1,855.80	623.53	236.00	677.97	327.60
	Proceeds from Share Capital/Application	7,390.18	3,636.00	0.11	-	-
	Net cash used in FinancingActivities	**9,245.98**	**4,259.53**	**236.11**	**677.97**	**327.60**
	Net Increase / (Decrease) in cash and cash equivalents during the year (A+B+C)	(3,374.27)	577.63	3,699.54	27.24	(91.04)
	Cash and cash equivalents at commencement of the year (opening Balance)	4,333.53	3,755.90	56.36	29.12	120.16
	Cash and cash equivalents at end of year (Closing Balance)	**959.26**	**4,333.53**	**3,755.90**	**56.36**	**29.12**

MORMUGAO PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE ASSETS AND LIABILITIES

Annexure-IV
(Rs. In Lacs)

	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
AuthorizedShareCapital	20,000.00	8,000.00	5,840.00	5,840.00	5,840.00
Issued,Subscribed&PaidupCapital	14,790.18	6,230.18	5,830.18	5,830.18	5,830.18

Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2017		As at31.3.2016		Asat31.3.2015		Asat31.3.2014		As at31.3.2013	
	No. of Shares	(Amount in Lacs)	No. of Shares	(Amount in Lacs)	No. of Shares	(Amount in Lacs)	No. of Shares	(Amount in Lacs)	No. of Shares	(Amount in Lacs)
At the beginning of the Year	623.02	6,230.18	583.02	5,830.18	583.02	5,830.18	583.02	5,830.18	583.02	5,830.18
Fresh issue of shares during the year	856.00	8,560.00	40.00	400.00	-	-	-	-	-	-
Outstanding at the end of the year	**1,479.02**	**14,790.18**	**623.02**	**6,230.18**	**583.02**	**5,830.18**	**583.02**	**5,830.18**	**583.02**	**5,830.18**

Particulars of equity share holders holding more than 5% of the total number of equity share capital :

Name of Shareholder

	As at 31.3.2017		Asat31.3.2016		Asat31.3.2015		Asat31.3.2014		As at31.3.2013	
	No. ofSharesheld	% ofHoding	No. ofSharesheld	% ofHoding	No. ofSharesheld	% ofHoding	No. ofSharesheld	% ofHoding	No. ofSharesheld	% of Hoding
National Highway Authority of India	747.00	51%	435.00	19%	435.00	75%	435.00	75%	435.00	75%
Mormugao Port Trust	732.02	49%	1880.18	81%	148.18	25%	148.18	25%	148.18	25%

MORMUGAO PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE ASSETS AND LIABILITIES

Annexure-IV
(Rs. In Lacs)

	31stMarch2017	31stMarch2016	31st March2015	31st March 2014	31st March 2013
NOTE - 3 RESERVE AND SURPLUS					
Capital GrantfromMOC	450.00	450.00	450.00	450.00	450.00
Grant from Government of Goa	1476.121,476.12		0.13	-	
	1,926.12	**1,926.12**	**450.13**	**450.00**	**450.00**
NOTE -4 SHARE APPLICATION MONEY PENDING ALLOTEMENT					
Share application moneypendingAllotment	600.00	1,769.82	9.82	9.82	9.82
NOTE - 5 LONG TERM BORROWINGS					
Unsecured					
Loans & Advances From Related Parties					
National Highway Authority of India	4,689.82	3,321.82	3,101.91	3,223.51	2,362.03
Add:Interest accrued and due on above	1,950.86	1,463.06	1,059.44	701.85	885.36
	6,640.68	**4,784.88**	**4,161.35**	**3,925.36**	**3,247.39**

NOTE - 6 TRADE PAYABLE

	31st March 2017	31st March 2016	31st March 2015	31st March 2014	31st March 2013
M/s KMC Constructions Ltd	-	-	-	-	-
M/s Suresh Construction	-	-	2.21	-	-
M/s Gammon India Ltd.	3,021.84	1,167.18	-	-	-
M/s Aarvee Associates	-	-	-	-	65.89
M/S Apollo Engineers & Contractors Pvt. Ltd.	-	-	-	16.92	-
M/s Goa Security Services	0.58	0.86	0.79	0.79	0.63
Retention Money-KLR	43.80	7.36	-	-	-
Retention Money-VenkataRao	2.13				
	3,068.35	1,175.40	3.00	17.71	66.52
NOTE -7 OTHER CURRENT LIABILITIES					
Share Application money to be refunded.	-	-	390.18	390.18	390.18
Retention Money Payable CWIP - KMC	-	-	-	-	-
Retention Money Payable CWIP - JMC	-	-	-	-	-
Land acquisition MPT	-	-	-	-	3.64
Mobilization Advance (BRO)	-	-	-	-	1.83
M/s Stup Consultant	10.34	10.34	10.34	10.34	10.34
M/s T&T Group-Pune	-	-	-	-	3.14
Other Liabilities	414.81	2,091.14	3,785.23	40.09	55.87
Intererst accrued and due on above	-	-	-	-	-
TOTAL	**425.15**	**2,101.48**	**4,185.75**	**440.61**	**465.00**
NOTE -8 SHORT TERM PROVISIONS					
Provision for Income Tax	8.78	0.17	3.56	6.85	5.02
Provision for FBT	-	-	-	-	-
	8.78	**0.17**	**3.56**	**6.85**	**5.02**

MORMUGAO PORT ROAD COMPANY LIMITED

NOTES-9 **ANNEXED TO AND FORMING PART OF REFORMATTED ASSETS ANDLIABILITIES**

Particulars	Rate	Net Block				
		W.D.V as on 31.03.2017	W.D.V as on 31.03.2016	W.D.V as on 31.03.2015	W.D.V as on 31.03.2014	W.D.V as on 31.03.2013
Block-A	**100.00%**					
Furniture and fixture			-	-	-	-
Stablizer			-	-	-	-
(Items of small value having less than Rs. 5000/-)						
Block-B	**16.21%**					
Computer and EDP Equipments		0.07	0.14	0.07	-	0.10
Printer			-	-	-	-
Block - C	**6.33%**					
Office equipment (mobile instument)		0.00	0.00	0.00	0.25	0.35
Total		**0.07**	**0.14**	**0.07**	**0.25**	**0.45**

MORMUGAO PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

Annexure-IV

(Rs. In Lacs)

	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
NOTE - 10 CAPITAL WORK IN PROGRESS					
Capital WIP at site	21,289.26	9,085.15	8,772.17	8,763.92	7,440.64
Un -Allocated Pre -Operative Expenditue	2,568.76	2,073.04	1,559.52	1,148.46	835.88
TOTAL	**23,858.02**	**11,158.19**	**10,331.69**	**9,912.38**	**8,276.52**
NOTE - 11 LONG TERM LOANS AND ADVANCES					
Unsecured and Considered good					
Capital Advances					
Govt. of Goa	455.00	455.00	455.00	455.00	455.00
ElectrictyDepartment , Govt. Of Goa	50.00	50.00	50.00	50.00	50.00
TOTAL	**505.00**	**505.00**	**505.00**	**505.00**	**505.00**
NOTE - 12 OTHER NON CURRENT ASSETS					
Unamortised expenses					
PreliminaryExpenses	121.35	-	37.61	37.61	37.61
TOTAL	**121.35**	**-**	**37.61**	**37.61**	**37.61**

	As at 31st March 2017	As at 31st March 2016 (AmountinRs.)	As at 31st March 2015 (AmountinRs.)	As at 31st March 2014 (AmountinRs.)	As at 31st March 2013 (AmountinRs.) (Amount inRs.)
NOTE - 13 CASH AND CASH EQUIVALENT					
CashonHand		0.02	-	-	-
Balances with Schedule Banks inCurrentaccount:	191.03	4,269.19	6.90	6.05	3.95
Fixed Deposit for less than3months	70.23	64.32	3,749.00	50.31	25.17
Escrow A/C	698.00	-	-	-	-
TOTAL	**959.26**	**4,333.53**	**3,755.90**	**56.36**	**29.12**
NOTE - 14 SHORT TERM LOANS & ADVANCES					
Unsecured, Considered Good					
Mobilisation Advance-KMC	1,985.00	1,985.00	-	-	-
Material Advance-KMC	20.52	-	-	-	-
Equipment Advance-KMC	-	-	-	-	-
Advance Income Tax / TDS Receivable	0.90	1.55	4.45	8.40	5.71
Travelling Advances	-	-	-	-	0.09
Advance FBT	-	-	-	-	-
Others(Prepaid Expenses)	-	-	0.04	-	-
Mobilisation Advance-Aarvee	0.07	0.07	-	-	-
KMC Construction Ltd		-	-	-	1066.52
Loans & Advances to related parties:		-	-	-	-
NHAI	9.07	4.57	9.03	160.53	152.90
TOTAL	**2,015.56**	**1,991.19**	**13.52**	**168.93**	**1,225.23**
NOTE - 15 OTHER CURRENT ASSETS					
Interest accruedondeposits		-	0.00	0.00	0.00
TOTAL			**0.00**	**0.00**	**0.00**

MORMUGAO PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED STATEMENT OF PROFIT & LOSS

Annexure-V
(Rs. In Lacs)

	For the Year Ended 31stMarch2017	For the Year Ended 31st March2016	For the Year Ended 31st March2015	For the Year Ended 31st March2014	For the Year Ended 31st March2013
NOTE - 16 EMPLOYEE BENEFIT EXPENSES					
Salaries & Wages	9.10	9.02	7.11	6.33	3.74
Staff Welfare Expenses		-	-	-	-
Contribution to CPF, Pension and Leave salary		-	-	-	-
	9.10	**9.02**	**7.11**	**6.33**	**3.74**
NOTE - 17 OTHER EXPENSES					
Telephone Expenses	0.11	0.06	0.05	0.06	0.01
Conveyance Expenses	0.00	0.01	0.02	0.02	0.02
Travelling Expenses	0.68	0.37	0.71	1.77	0.39
Vehicle hiring charges	1.00	1.23	1.52	1.09	0.94
Newspaper and Periodicals	0.01	0.01	0.01	0.01	-
Legal and Professional Expenses	1.29	5.44	5.86	5.38	6.01
Repair & Maintenance	0.23	0.15	0.11	0.14	0.08
Postage & Telegram	0.07	0.10	0.09	0.08	0.07
Filling and ROC Expenses	0.83	18.96	0.07	0.09	0.15
Security Expesnes	2.21	2.45	2.32	2.16	1.63
Stamp Duty Paid	-	-	0.14	-	-
Printing and Stationery Expenses	0.12	023	0.18	0.16	0.15
AuditorsRemuneration-StatutoryAuditFees	1.15	0.98	0.96	0.96	0.96
- Out of Pocket Expenses	0.20	0.17	0.27	0.32	0.40
- Internal Audit Fees	1.04	1.05	1.05	1.05	1.05
Electricity and Water Expenses	0.23	0.11	0.07	0.06	0.02
Concession Fees	2.97	43.61	1.65	0.00	0.00
Others	0.06	0.05	0.10	2.84	1.10
Depreciation	0.05	0.04	0.00	0.11	0.20
Advertisement Expenses	0.09	-	0.29	0.07	-
	12.34	**75.02**	**15.47**	**16.37**	**13.18**
NOTE - 18 FINANCIAL COST					
Interest on Sub Debt from NHAI	542.00	448.47	397.32	353.86	308.45
Bank Charges	0.0	0.00	0.00	0.00	0.00
TOTAL	**542.00**	**448.47**	**397.32**	**353.86**	**308.45**

MORMUGAO PORT ROAD CO LTD.

Notes Forming Part of the Financial Statement for the year ended

(31st March2017, 2016, 2015, 2014 and 2013)

Annexure VI

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting (31st March 2014 and 2013)

The Financial Statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with the generally accepted accounting principles in India, Provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under section 211(3C) of the Act, read with Companies (Accounting Standards) Rules, 2006.

As the Company had not commenced commercial operation, the statement of the Profit & Loss has not been prepared. Information required to be furnished by the Company in accordance with Part II of Schedule VI forming part of the Companies Act, 1956 has been disclosed in statement of Pre-operative expenditure forming pat of accounts and to the extent applicable.

Basis of accounting (31st March 2017, 2016, 2015)

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with the generally accepted accounting principles in India, provisions of the Companies Act, 2013 and comply in material aspects with the accounting standards notified under Section 211(3C) of the Act,(which continue to be applicable in respect of section 133 of the Companies Act, 2013('the 2013 Act') in terms of General Circular 15/2013 dated 13 September,2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 2013 Act, as applicable read with Companies (Accounting Standards) Rules, 2006.

As the Company had not commenced commercial operation, the statement of the Profit & Loss has not been prepared. Information required to be furnished by the Company in accordance with Schedule III forming part of the Companies Act, 2013 has been disclosed in statement of Pre-operative expenditure forming part of accounts and to the extent applicable.

b) Financial Statements: Presentation and disclosures (31st March 2017, 2016, 2015, 2014 and 2013)

During the year ended 31st March 2012, the revised schedule VI, notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The company has also reclassified /regrouped the previous year figures in accordance with the requirements applicable in the current year.

c) Classification of Assets and Liabilities (31st March 2017, 2016, 2015, 2014 and 2013)

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the schedule VI to the Companies, Act 1956. Based on the nature of products and the time between the acquisition of the assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

d) Use of Estimate (31st March 2017, 2016, 2015, 2014 and 2013)

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of the financial statements. Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

e) Capital Grant (31st March 2014 and 2013)

In accordance with Accounting Standard 12, external assistance other than loan provided by Ministry of Commerce under its critical infrastructure scheme to the project is accounted as Capital grant to the project and therefore credited to capital reserve. Fixed assets created out of the grant are included in the total work in progress (total assets) & subject to depreciation on entire project assets as a whole.

Capital Grant (31stMarch 2017, 2016, 2015)

In accordance with Accounting Standard 12, (AS-12 issued by ICAI) external assistance other than loan provided by Ministry of Commerce (Rs 4,50,00000/-) under its critical infrastructure scheme and from State Govt of Goa (Rs. 147,612,425/-) towards the additional work to the project is accounted as Capital grant to the project and therefore credited to reserve. Fixed assets created out of the grant are included in the total capital work in progress (total assets) & are subject to depreciation on entire project assets as a whole.

f) Fixed Assets (31stMarch 2017, 2016, 2015, 2014 and 2013)

Fixed assets, if any other than project assets, are stated at their original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets.

All the expenditure incurred till the completion of the entire project is shown as “Capital Work in Progress” i.e. pending completion of the entire Road stretch, the expenditure on partly completed stretch is shown as capital work in progress.

Interest earned on unutilized capital is adjusted against Capital Work in Progress. The interest due on the loan taken by the company has been added as indirect project expenditure in the statement of pre operative expenditure & charged to Capital Work in Progress.

Payments made to various Govt dept/agencies for various work like shifting of utilities, construction of ROBs and rehabilitation are shown under Capital Working Progress and subject to the utilization statement furnished by the concerned agencies.

g) Depreciation (31stMarch 2014 and 2013)

Depreciation on fixed assets (other than project assets) is provided on the Straight Line Method using rates prescribedbyScheduleXIVtotheCompaniesAct,1956.No depreciation is provided on the assets or the portion of the assets financed out of the capitalgrants.

An item of asset costing Rs.0.05Lacs or less is charged off to revenue in the year of acquisition / purchase / commission / available for use and such item of asset with written down value of Rs. 0.05Lacs or less as at the beginning of the year is also fully depreciated during the year.

Stationary and other items of consumable nature are written-off in the year of purchase.

Depreciation on project assets on (Project) will be provided upon commissioning and commencement of commercial operations as per the guidelines applicable at that time.

Depreciation (31stMarch 2017, 2016, 2015)

Depreciation on tangible fixed assets (other than project assets) is provided on the Straight Line Method using useful life prescribed by Schedule II to the Companies Act, 2013. No depreciation is provided on the assets or the portion of the assets financed out of the capital grants.
Depreciation on project asset will be provided upon commissioning and commencement of commercial operations as per the guidelines applicable at that time.

h) Investment (31stMarch 2016, 2015, 2014 and 2013)

Investments are valued at lower of cost or market value. However no investment is made by the company.

Investment (31stMarch 2017)

Investments are valued at lower of cost or market value. However no investment is made by the company except the balance with bank in the shape of FDR.

i) Miscellaneous expenditure (31st March 2017, 2016, 2015, 2014 and 2013)

The miscellaneous expenditures will be amortized over a period of five years on commissioning of the project and commencement of commercial activities.

j) Capital work-in-Progress (31st March 2017, 2016, 2015, 2014 and 2013)

All the capital expenditure incurred till the completion of the project (i.e.till the issuance of takeover certificate under the contracts) is shown as 'Capital Work inProgress'.

Interest earned on unutilized capital as also on advance/loans granted to the contractor/ consultants and the interest on market borrowings / loans availed by the company is shown as part of the Capital Work in Progress.

k) Employees' Cost (31st March 2017, 2016, 2015, 2014 and 2013)

Project Director, Manager (Tech) & AccountantaretheemployeesofNHAIdeployedforworkatPIU-Goa(MPRCL). TheSalary contributions are paid by NHAI. The Salary of administrative staff employed at Head Office of NHAI which are on Payroll of NHAI who are looking after the work of various SPV is equally allocated to various SPV's including the company.

l) Revenue recognition (31st March 2017, 2016, 2015, 2014 and 2013)

Interest earned on surplus funds kept as deposit with banks is accounted for on accrual basis and has been shown as a deduction from the Capital Work in progress.

m) Borrowing Cost (31st March 2017, 2016, 2015, 2014 and 2013)

Borrowing cost directly attributable to the acquisition or construction of the qualifying asset for the period upto itsacquisitionorconstructionarecapitalizedaspartofthecostoftheasset.Furtherborrowingcosts, if any shall be recognized as an expense in the period ofincurrence.

Toll road per se is considered as a single comprehensive asset. Despite being completed in parts and such parts capable of being used during the construction of other parts, capitalization of relatable borrowing costs shall be done till the completion and commissioning of the entire project.

n) Earnings per share (31st March 2017, 2016, 2015, 2014 and 2013)

Since there is no Profit/Loss, earning per share pursuant to "Accounting Standard – 20" issued by Institute of Chartered Accountants of India has not been given.

o) Accounting for taxes on Income (31st March 2017, 2016, 2015, 2014 and 2013)

Current tax represents the amount that would be payable based on computation of tax as per prevailing taxation laws under Income Tax Act 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Deferred taxable assets/Liabilities are not recognized unless there is certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

p) Provisions, Contingent Liabilities and Contingent Assets (31st March 2017, 2016, 2015, 2014 and2013)

Provisions

Aprovision iscreatedwhenthecompanyhasapresentobligationasaresultofpasteventanditisprobablethat an outflow of resources will be required to settle the obligation and reliable estimate of amount can be made of the amount of theobligation.

Provisions are determined based upon management estimates required to settle the obligation at the balance sheet date.These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent Liabilities

No provision is recognized for liabilities where future outcome cannot be ascertained with reasonable certainty. Such liabilities are treated as contingent and disclosed by way of Notes to the Accounts.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets

Contingent Assets are neither recognized nor disclosed in the financial statements of the company.

q) Impairment of Fixed Assets (31st March 2017, 2016, 2015, 2014 and 2013)

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use,the estimated future cash flows are discounted to the irpresent value based on an appropriate discount factor.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an assets due to reversal of an impairment loss is recognized to the extent.

Notes forming part of the Financial Statement for the year ended 31st March, 2017

Note 17: Status of Project:

The project from km 0.00 to km 13.10 was completed in the month of June 2004.The remaining project from km 13.10 to km 18.30(5.20Km) was suspended since June 2004 due to non-removal of encroachment & non-handing over of the site by the State Govt. The rehabilitation board of State of Goa is dealing with the removal of encroachments from the project site.

As per the directive of the Hon'ble High Court of Bombay at Goa, PWD of Govt. of Goa had already handed over 4.02 Km of clear land to the company. Out of the remaining 5.20 Km. The balance 1.18 Km which was to be made available to the company by 30th September 2009 as per the directives of the Hon'ble High Court of Bombay at Goa dated 21/08/2008 is still occupied by the encroachers. Miscellaneous Civil Application were filed by the State Govt of Goa before the Hon'ble High Court on dated 23/09/2009 for the modification of earlier orders issued by the Hon'ble High Court dated 16/04/2007 and 28/11/2007 as well as for extension of time for another six months.

The Hon'ble Bombay High Court in it's judgment on 04.05.2011 had directed the State Govt. of Goa to hand over land (free of encumbrance) to MPRCL by 30.06.2011 and also directed MPRCL to complete the work by 31.12.2011. The State Govt. failed to comply with direction of High Court and instead SLP was filed before the Hon'ble Supreme Court on 23.06.2011.

Meantime construction activities on the clear land of the balance stretch handed over to the Company was started. For the construction of the remaining stretch, maintenance of the completed stretch and supervision of the project, the company entered into three major agreements during the year 2009-10. One contract, out of the above, was awarded to Contractor M/s KMC Construction Ltd for construction of balance port connectivity. The project could not be completed in full due to various issues for example:

1. Non-removal of encroachers
2. Non-shifting of utilities.
3. Withdrawal of CRZ clearance (which was issued to NHAI in 2007)
4. Non removal of Naphtha pipeline coming in the alignment of the road.
5. Naphtha blasts and fire incident on project site on 19th August 2011 at NH-17B site.

The work was stopped in August 2011 after Naptha blast.

The Hon'ble Supreme Court vide it's Order dated 17.09.2012 disposed off the petition and directed that the State Govt. of Goa may be permitted to construct the balance portion of 4 lane highway after foreclosure of the Contract by MPRCL(NHAI) with M/s KMC Construction Ltd. The project awarded to M/s KMC Construction Pvt Ltd. was foreclosed and the contractor's final bill after settlement was paid. The stretch from Km 13.10 to Km 18.30 has been handed over to State PWD. on 12.11.2012 with all the detailed documents in the form of hard and soft copies as per the directives of the Hon'ble Supreme Court.

In this regard, a tripartite agreement for a period of 30 months has been executed on 02.11.2014 between Govt. of Goa, MPRCL & MPT to construct the balance work and additional work along Baina Beach.

Now the State Govt of Goa has to construct the balance and the additional work and would hand over the same to MPRCL(NHAI) after completion. The total cost of construction is estimated Rs 546 crores and would be borne by MPRCL , MPT & Govt. of Goa as detailed below :

S.No	Stake Holder	Share
1	Govt. of Goa	Rs. 203 crore
2	NHAI	Rs. 156 crore
3	MPT	Rs. 187 crore

Name of the client: Public Works Department (PWD) Goa.

Name of the Civil Contractor : M/s Gammon India Ltd., Gammon House, Veer Savarkar Marg, P O Box No. 9129 Prabhadevi, Mumbai – 400 025.

Contract amount: Rs. 397,00,00,000/-.
Date of commencement of work: 14.10.2015.
Date of Scheduled completion: 13.10.2018.

Contract agreement between PWD Govt. of Goa AND M/s Gammon India Ltd is signed on 03.09.2015. Work order to M/s Gammon India Ltd has been issued by PWD, Govt of Goa dated 28.09.2015.

Project Information:

The subject work was tendered for a total cost of Rs. 397 crores. The proportionate shares for the above said work are as per HO letter No. 11014/7/98-CF/PC (Bal. Work) dated 31.10.2014. Accordingly share of the 3 stake holders is as follows.

1. Govt. of Goa Rs. 203 crores.
2. Mormugao Port Trust, Goa is Rs. 187 crores
3. NHAI is Rs. 156 crores.

Deposition of first 20% share is as per Tri-Partite agreement.

Sr.No	Stake Holder	Share	20% of share	Received amount (Rs) Till date	Balance amount to be deposited
1	Govt. of Goa	Rs. 203 crore	40.60 crore	Rs.14,76,12,425/-	Rs. 25.84 crores
2	NHAI	Rs. 156 crore	31.20 crore	Rs.31,20,00,000/-	NIL
3	MPT	Rs. 187 crore	37.40 crore	Rs.60,40,00,000/-	NIL

M/s Gammon India PAYMENTS:

Mobilization Advance:

i. An amount of Rs.7,94,00,000/- has been paid to M/s Gammon India Ltd to On 19.11.2015 towards 1st instalment of Mobilization advance i.e.2% of contract price. (Rs. 397 x 2%) after deducting TDS @ 2% i.e. Rs. 15,88,000/- -fully recovered.

ii. An amount of Rs.11,91,00,000/- has been paid to M/s Gammon India Ltd to On 05.04.2016 towards 2nd instalment of Mobilization advance i.e.3% of contract price. (Rs. 397 x 3%) after deducting TDS @ 2% i.e. Rs. 23,82,000/- fully recovered.

iii. An amount of Rs. 19,85,00,000/- towards 3rd instalment of Mobilization advance i.e.5% of contract price. (Rs. 397 x 5%) after deducting TDS @ 2% i.e. Rs. 39,70,000/-.

Note18

Due to the increase in the project cost and receipt of funds as equity and authorised capital has been increased to 200 crores from Rs 80 crores during FY 2016-2017.

The company has received equity contribution of Rs. 6,00,00,000/- from Mormugao Port Trust(MPT) during 2016-17 as share application money, pending approval of competent authority for allotment. During the FY 2016-17 the allotment of shares was approved by the competent authority and Equity share of Rs. 85.6 crores were issued during the year.

Note 19

According to the tripartite agreement the State Govt of Goa has to share the balance and additional work cost with MPT and MPRCL out of total cost of Rs546 crores .The Govt. of Goa has to provide Rs 203 Crore as the total contribution. During the FY 2015-16 a total sum of Rs 14,76,12,425/- was received from State Govt. of Goa as contribution not in the shape of loan or equity. The amount received towards contribution to the project is credited to the reserve account.

Note 20

During the year 2011-12, While digging and undertaking the Extension of Existing Highway NH- 17B From Varunapuri Junction to Sada Junction, One Pipeline belonging to M/s Zuari Indian Oil Tanking Limited stood exposed & major fire erupted on 19/08/2011 with a result of drainage of Naphtha from the pipeline. FIR was registered in which Project Director is also made a party and Criminal Case has been filed before Hon'ble High Court of Bombay at Goa.

The Zuari India Oil Tanking Limited filed two cases for compensation towards the loss incurred by them due to fire on their naphtha pipeline amounting to Rs 15,93,32,797/- and Rs 66,41,62,226/- before the court of civil judge senior division at Vasco-Da-Gama Goa.

The case for the claim of Rs. 15, 93, 32,797 towards compensation and damages of naptha pipeline at Zuari Nagar is disposed as withdrawn.

The judgment in the case of claim of Rs 66,41,62,226/- is declared against the Zuari India Oil Tanking Limited. Now the claimant had filed the appeal against the order before the High Court of Bombay at Goa .The matter is sub-judice.

Note 21

Capitalization of the project as single unit will be done after the completion of the entire project. Expenditure incurred on the project as on date is shown under Capital Work in Progress.

Note 22

The possibility of levy of toll on partly completed stretch of 13.10 Kms cannot be considered unless and until the balance 5.20 Kms stretch is completed. As there was opposition by the local public and availability of substitute road (i.e. NH 17A) the proposal for tolling the completed stretch cannot be taken up.

Note 23

As per the arrangement between the NHAI and the company, 75% of the actual salary and the establishment expenditure of the PIU shall be born by NHAI and the balance 25% shall be borne by the company. As a result, the expenses to Rs.13,60,452/- have been debited to NHAI by credit to the respective expense heads and hence the expenses appearing in the statement of pre-operative expenses represent the balance 25% of the total expenses.

Note 24

Interest payable to NHAI on Loan (Subordinate-Debt) has been calculated and provided in the books of accounts @ 9.75% which is approved by NHAI based on rate charged to (NHAI) on borrowings. The total Interest provided during the year is Rs.5, 42, 00,357/-.

Note25

Provision for Income Tax has been made of Rs. 37,43,512/- on interest earned on Bank deposit (FDRs) and other income during the year (Previous year Rs. 1,99,298/-)

Note 26

Contingent Liabilities as on 31/03/2017

(Rs.in Crores)

Description	Current Year	Previous Year
Claims against the Company not acknowledged as debts in respect of		
a)Capital Works*	9.54	9.54
b)Legal Cases**	66.41	82.34
c)Maintenance Contract	-	-
d)Income Tax Demand on TDS Return as per Traces***	0.00	0.03
Total	75.98	91.91

*Contingent Liabilities towards capital works include claim of Border Road Organisation of Rs. 9.54 crores(Previous Year -9.54 Crores)

** M/s Zuari Holdings Ltd and M/s Zuari Global Limited **changed as ZUARI AGRO CHEMICALS LTD** had instituted a special civil suit No. 10/2012/A against MPRCL towards recovery of Rs. 66,41,62,226/- as compensation and damages in respect of "Ruptured the multicity petroleum pipeline at Zuari Nagar Ltd dated 19.08.2011.The matter is sub-judice.

M/s Zuari Indian Oil Tanking Ltd. had instituted a special civil suit No. 09/2012/A against MPRCL towards recovery of Rs 15,93,32,797/- towards compensation and damages of naptha pipeline at Zuari Nagar. The matter is disposed as withdrawn.

***Contingent Liabilities towards tax demand on TDS Return represents the demand of Rs.0.03 crore raised against the Company on account of wrong punching of TDS data for F.Y. 2013-14 has been rectified during FY 2016-17.

Note 27

Inter Company Balances as on 31/03/2017:

S.N	Particulars	As per Co's Books	As Per Books of NHAI	Difference
1	Recoverable against expenses	9,07,477 (Dr)	9,07,479 (Cr)	2/-
2	Loan including interest accrued(Net of tax)	66,40,68,268 (Cr)	66,40,68,268 (Dr)	NIL

Note 28

Preliminary expenses amounting to Rs. NIL- written off during the year.

Note 29

The Company being wholly state controlled enterprises as defined under Accounting Standard – 18 on Related Party Disclosures. There are no transactions with other state controlled enterprises. Hence, no disclosures have been made.

Note 30

All the Directors of the company are holding office in company as nominee's of National Highways Authority of India, (parent organization) and Mormugao Port Trust, hence no payment has been made to them as salary/allowance or otherwise.

Note 31

The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium .Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

Note 32

Previously, the project was handled by Mormugao Port Trust. The Port Trust have incurred certain expenditure during the initial period of project. Their claim for expenditure/remittance is amounting to Rs. 43.97 crore. Out of the same Rs. 18.80 crores has already been recognized in the books of accounts and the remaining amount will be capitalized and accounted for after due verification.

Note 33

Statement of pre-operative expenditure includes amount pertaining to staff on deputation from NHAI/other Govt. Departments amount to Rs. 9,09,904/- which includes payment of Salary, EPF contribution, Leave Salary Cont., Pension Contribution, Medical Reimbursement, News Paper Reimbursement etc.

Note 34

In the opinion of the management, Current Assets, Loans and Advances are stated as the value, which, if realized, in the ordinary course of the business would not be less than the amount mentioned.

Note 35

Since there is no Profit/Loss, earning per share pursuant to "Accounting Standard – 20" issued by Institute of Chartered Accountants Of India has not been given.

Note 36

In the absence of profit and loss account having been prepared, provision for deferred tax in terms of Accounting Standard -22 is not required to be made and hence there are no deferred tax assets or liabilities.

Note 37 Demonetization

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on November, 8 2016	-	-	-
(+) Permitted Receipts	-	-	-
(-) Permitted Payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on December, 30 2016	-	-	-

Note 38

Statutory fee of Rs. 1,06,17,550/- received during the FY 2016-17 against granting permission for laying of utility services along the National Highways pending approval from NHAI, RO, Mumbai has been considered as other income and has been shown as deduction from Capital work in Progress.

Note 39

Expenses incurred in relation to Bricks Summit during the FY 2016-17 has been treated as Operational & Maintenance expenses and transferred to Capital Work in Progress.

Notes forming part of the Financial Statement for the year ended 31st March, 2016

Note 17

Status of Project:

The project from km 0.00 to km 13.10 was completed in the month of June 2004.The remaining project from km 13.10 to km 18.30(5.20Km) was suspended since June 2004 due to non-removal of encroachment & non- handing over of the site by the State Govt. The rehabilitation board of State of Goa is dealing with the removal of encroachments from the project site.

As per the directive of the Hon'ble High Court of Bombay at Goa, PWD of Govt. of Goa had already handed over 4.02 Km of clear land to the company. Out of the remaining 5.20 Km. The balance 1.18 Km which was to be made available to the company by 30th September 2009 as per the directives of the Hon'ble High Court of Bombay at Goa dated 21/08/2008 is still occupied by the encroachers. Miscellaneous Civil Application were filed by the State Govt of Goa before the Hon'ble High Court on dated 23/09/2009 for the modification of earlier orders issued by the Hon'ble High Court dated 16/04/2007 and 28/11/2007 as well as for extension of time for another six months.

The Hon'ble Bombay High Court in it's judgment on 04.05.2011 had directed the State Govt. of Goa to hand over land (free of encumbrance) to MPRCL by 30.06.2011 and also directed MPRCL to complete the work by 31.12.2011. The State Govt. failed to comply with direction of High Court and instead SLP was filed before the Hon'ble Supreme Court on 23.06.2011.

Meantime construction activities on the clear land of the balance stretch handed over to the Company was started. For the construction of the remaining stretch, maintenance of the completed stretch and supervision of the project, the company entered into three major agreements during the year 2009-10. One contract, out of the above, was awarded to Contractor *Mis* KMC Construction Ltd for construction of balance port connectivity. The project could not be completed in full due to various issues for example:

1. Non-removalofencroachers
2. Non-shifting ofutilities.
3. Withdrawal of CRZ clearance (which was issued to NHAI in 2007)
4. Non removal of Naphtha pipeline coming in the alignment of the road.
5. Naphtha blasts and fire incident on project site on 19th August 2011 at NH-l 7B site.

The work was stopped in August 2011 after Naptha blast.

The Hon'ble Supreme Court vide it's Order dated 17.09.2012 disposed off the petition and directed that the State Govt. of Goa may be permitted to construct the balance portion of 4 lane highways after foreclosure of the Contract by MPRCL(NHAI) with !v1/s KMC Construction Ltd. The project awarded to M/s KMC Construction Pvt Ltd. was foreclosed and the contractor's final bill after settlement was paid. The stretch from Km 13.10 to Km 18.30 has been handed over to State PWD. on 12.11.2012 with all the detailed documents in the form of hard and soft copies as per the directives of the Hon'ble Supreme Court.

In this regard a tripartite agreement for a period of 30 months has been executed on 02.11.2014 between Govt. of Goa, MPRCL & MPT to construct the balance work and additional work along Baina Beach.

Now the State Govt of Goa has to construct the balance and the additional work and would hand over the same to MPRCL(NHAI) after completion. The total cost of construction is estimated Rs 546 crores and would be borne by MPRCL, MPT & Govt. of Goa as detailed below:

S.No	Stake **Holder**	**Share**
1	Govt. of Goa	Rs. 203 crore
2	NHAI	Rs. 156 crore
3	MPT	Rs. 187 crore

The subject work was tendered for Rs. 397 crores to *Mis* Gammon India Ltd. Contract agreement between PWD Govt. of Goa And *Mis* Gammon India Ltd is signed on 03.09.2015. Date of commencement of work is 14.10.2015 and Date of actual completion is 13.10.2018. A mobilization advance amounting to Rs 198500000/- was paid to Gammon India Limited.

MPT:

An amount of Rs. 37.40 crores has been deposited in MPRCL Escrow *Ale* by MPT (Rs.5 Crore in FY 2014-15 & 32.40 Crore in FY 2015-16)

Govt. of Goa:

1) An amount of Rs. 9,75,99,950/- has been deposited in MPRCL Escrow *Ale* by PWD, Govt. of Goa on 05.12.2015 towards their pt proportionate share part contribution in MPRCL Escrowaccount.

2) An amount of Rs. 4,99,99,975/- has been deposited in MPRCL Escrow *Ale* by PWD, Govt. of Goa on 05.02.2016 towards their pt proportionate share part contribution in MPRCL Escrow account.

3) A contract for Work of"Operation and Maintenance ofNH-178 from Km.0.000 (Verna Junction) to Km.13.lOO(Varunapuri Junction) was awarded to M/s K.L.R Constructions, Andra Pradesh who was the lowest bidders(L1) for a contract price of Rs 4,50,64,173/- (Rupees Four Crore Fifty Lakh Sixty Four Thousand One Hundred Seventy Three Only) for a period of 2 years. The work is in progress.

Note18

The company MPRCL was formed with a authorized capital of Rs 58.40 Crores but due to the increase in the project cost and rec eipt of funds as equity and authorised capital has been increased to 80 crores from Rs 58.40 crores during FY 2015-2016.

The company has received equity contribution of Rs. 4,00,00,000/- from Mormugao Port Trust (MPT) during 2010-11 as share application money, pending approval of competent authority for allotment. During the FY 2015-16 the allotment of shares was approved by the competent authority and the shares are issued.

Note 19

According to the tripartite agreement the State Govt of Goa has to share the balance and additional work cost with MPT and MPRCL out of total cost of Rs546 crores .The Govt. of Goa has to provide Rs 203 Crore as the total contribution. During the FY 2015-16 a total sum of Rs 14,75,99,925/- was received from State Govt. of Goa as contribution not in the shape of loan or equity. The amount received towards contribution to the project is credited to the reserve account.

Note 20

During the year 2011-12, While digging and unde1iaking the Extension of Existing Highways NH- l 7B From Varunapuri Junction to Sada Junction, One Pipeline belonging to *Mis* Zuari Indian Oil Tanking Limited stood exposed & major fire erupted on 19/08/2011 with a result of drainage of Naphtha from the pipeline. FIR was registered in which Project Director is also made a party and Criminal Case has been filed before Hon'ble High Court of Bombay at Goa.

The Zuari India Oil Tanking Limited filed two cases for compensation towards the loss incurred by them due to fire on their naphtha pipeline amounting to Rs 15,93,32,797/- and Rs 66,41,62,226/- before the court of civil judge senior division at Vasco-Da-Gama Goa.

The judgment in the case of claim of Rs 66,41,62,226/- is declared against the Zuari India Oil Tanking Limited. Now the claimant had filed the appeal against the order before the High Court of Bombay at Goa .The matter is sub-judice.

Note 21

Capitalization of the project as single unit will be done after the completion of the entire project. Expenditure incurred on the project as on date is shown under Capital Work in Progress.

Note 22

The possibility of levy of toll on partly completed stretch of 13.10 Kms cannot be considered unless and until the balance 5.20 Kms stretch is completed. As there was opposition by the local public and availability of substitute road (i.e. NH 17A) the propo sal for tolling the completed stretch cannot be taken up.

Note 23

As per the arrangement between the NHAI and the company, 75% of the actual salary and the establishment expenditure of the PIU shall be born by NHAI and the balance 25% shall be borne by the company. As a result, the expenses to Rs.14,42,115.75/- have been debited to NHAI by credit to the respective expense heads and hence the expenses appearing in the statement of pre-operative expenses represent the balance 25% of the total expenses.

Note 24

Interest payable to NHAI on Loan (Subordinate-Debt) has been calculated and provided in the books of accounts @ 10.5% which is approved by NHAI based on rate charged to (NHAI) on borrowings. The total Interest provided during the year is Rs.4,48,47,172/-.

Note25

During the year Rs. 37.40 crore were received from MPT towards their proportionate share of contribution in previous year as per tripartite agreement between MPRCL, MPT & State Government, which is to be treated as the equity contribution as decided by the board on March, 2016. However, the amount equal to the difference in the issued capital and authorized share capital is shown as pending allotment of shares and amount in excess of authorized share capital is shown under the current liabilities. the final decision of the management.

Note 26

Provision for Income Tax has been made of Rs. 16,900/- on interest earned on Bank deposit (FDRs) during the year (Previous year Rs. 3,56,059/-)

Note 27

Contingent Liabilities as on 31/032016

(Rs. in Crores)

Description	Current Year	Previous Year
Claims against the Company not acknowledged as debts m respect of		
a)Capital Works*	9.54	9.54
b)Legal Cases**	82.34	82.34
c)Maintenance Contract	-	-
d)Income Tax Demand on TDS Return***	0.03	0.03
Total	91.91	91.91

*Contingent Liabilities towards capital works include claim of Border Road Organisation of Rs. 9.54 crores(Previous Year -9.54 Crores)

** i) *Mis* Zuari Holdings Ltd and *Mis* Zuari Global Limited **changed** as ZUARI **AGRO CHEMICALS LTD** had instituted a special civil suit No. 10/2012/A against MPRCL towards recovery of Rs. 66,41,62,226/- as compensation and damages in respect of "Ruptured the multicity petroleum pipeline at Zuari Nagar Ltd dated 19.08.2011.The matter is sub-judice.

ii)M/s Zuari Indian Oil Tanking Ltd. had instituted a special civil suit No. 09/2012/A against MPRCL towards recovery of Rs 15,93,32,797/- towards compensation and damages of naptha pipeline at Zuari Nagar. The matter is sub-judice.

***Contringent Liabilities towards tax demand on TDS Return represents the demand of Rs.0.03 crore raised against the Company on account of wrong punching of TDS data for F.Y. 2013-14. A rectification letter has been filed for the same which is pending with the Income Tax Department. The Management is of opinion that after correction/rectification of order, there will be no demand against the Company.

Note 28

Inter Company Balances as on 31/03/2016:

S.N	Particulars	As per Co's Books	As Per Books of NHAI	Difference
1	Recoverable against expenses	4,56,930 (Dr)	4,56,931Cr)	1/-
2	Loan including interest accrued(Net of tax)	47,84,87,947(Cr)	47,84,87,947/- (Dr)	NIL

Note 29
Preliminary expenses amounting to Rs. 37,61,170/- written off during the year.

Note 30
The company being wholly state controlled enterprises as defined under Accounting Standard 18 on Related Party Disclosures. There are no transactions with other state control enterprises. Hence, no disclosures have been made.

Note 31

All the Directors of the company are holding office in company as nominee's of National Highways Authority of India, (parent organization) and Mormugao Port Trust, hence no payment has been made to them as salary/allowance or otherwise.

Note 32
The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro,

Small and Medium .Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

Note 33

Previously, the project was handled by Mormugao Port Trust. The Port Trust have incurred certain expenditure during the initial period of project. Their claim for expenditure/remittance is amounting to Rs. 43.97 crore. Out of the same Rs. 18.80 crores has already been recognized in the books of accounts and the remaining amount will be capitalized and accounted for after due verification.

Note 34

Statement of pre-operative expenditure includes amount pertaining to staff on deputation from NHAI/other Govt. Departments amount to Rs. 9,02,686/- which includes payment of Salary, EPF contribution, Leave Salary Cont., Pension Contribution, Medical Reimbursement, News Paper Reimbursement etc.

Note 35

In the opinion of the management, Current Assets, Loans and Advances are stated as the value, which, if realized, in the ordinary course of the business would not be less than the amount mentioned.

Note 36 Since there is no Profit/Loss, earning per share pursuant to "Accounting Standard -20" issued by Institute of Chartered Accountants Of lndia has not been given.

Note 37

In the absence of profit and loss account having been prepared, prov1s1on for deferred tax in terms of Accounting Standard - 22 is not required to be made and hence there are no deferred tax assets or liabilities.

Note 38

Balances under loans and advances, deposits, current liabilities etc, are subject to confirmation and necessary adjustments, if any.

Note 39

Previous year figure have been regrouped/rearranged wherever considered necessary.

Notes forming part of the Financial Statement for the year ended 31st March, 2015

Notes – 21 Contingent Liabilities

Contingent Liabilities/ Commitments: 23 arbitration/DRB/legal cases initiated by the contractor CWHEC-HCIL (JV) claiming ` 3015.17 Crores (including interest upto 31.03.2015) on various issues during the year are pending with the arbitrator/ Dispute Review Board/ Courts. Out of the above said amount the cases having financial implication of Rs. 153.60 crores (for Dispute No. 2 to 18 and 24) has been awarded against the Company and same has been contested by CHPRCL in the Honb'le High Court of Delhi. Dispute no. 21 to 23 are in Arbitration. Dispute no.1 dismissed at DRB level without any further claim by either party.

Notes – 22 Related Party Transactions:

a)

Description of relationship	**Name of Related Parties**
Entity having significant influence in the company	National Highways Authority of India

b)

Details of related party transactions during the year ended 31st March, 2015 and balances outstanding as at 31st March, 2015:

Particulars	**Entity having significant influence**	
Loans Taken	**2014-15**	**2013-14**
Unsecured Loan:		
Opening Balance	3,061,102,192	2,872,793,309
Amount Taken	66,700,000	188,308,883
Amount Repaid	-	-
Balance Outstanding	**3,127,802,192**	**3,061,102,192**
Interest on above loan:		
Opening Balance	1,171,666,302	815,487,527
Interest Repaid	361,622,973	-
Interest during the year (Net of TDS)	389,808,647	356,178,775
Balance Outstanding	**1,199,851,976**	**1,171,666,302**

Note – 23

As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI: the Company in the ratio 3:1. The total Establishment & Administrative Expenses of site office is ` 22,35,986/- out of which ` 16,76,990/- has been transferred to NHAI a/c and ` 5,58,996/- has been booked in the Company.

Note – 24

All the Directors of the company are holding office in Company as nominees of National Highways Authority of India, the parent organization, hence no payment has been made to them as salary/allowance or otherwise.

Note – 25

In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned. It also includes certain advances against expenses, which shall be adjusted in the subsequent years upon receipt of information and details from the recipients.

Note – 26

NHAI entrusted funds for the work of maintenance of NH-117 (also known as Kona Expressway) to be executed through "Executive Engineer, National Highway Division No. IV" for the said work. This work is not a part of the port connectivity project for which the company was initially incorporated as NHAI's SPV. The advance paid for the said work in the Financial Year 2008-09 are ` 85,08,500/- for which utilization certificate for ` 83,15,410/- has been received from Public Works Department to the company. The Utilization Certificate for balance amount of ` 1,93,090/- is still awaited from Public Works Department.

Note – 27

NHAI entrusted aggregate funds of ` 4,00,00,000 during financial year 2007-08 for the work of ROB on NH-41 across Digha-Tamluk Railway Line of South Eastern Railway. Due to pendency of work this amount has been shown as Southern Eastern Railway (ROB Advance) in Note-6.

Note – 28

Building & Welfare Education Cess payable to West Bengal Government represents an amount recovered from the contractor- CWHEC-HCIL(JV) during the construction period of ` 34,87,217 still remains to be paid on this account. Also no provision of interest has been made on this account. The amount of which is not ascertainable.

Note – 29

The company had deducted the royalty of ` 1,70,85,624/- from the previous contractor's bill in the financial year 2007-08 but it is still not deposited by the company as the amount has been disputed by the contractor in the Arbitration Tribunal. Also, the Government Department has not claimed any royalty.

Note – 30

Toll collection of the CHPRCL package has been started w.e.f 09.03.2013. The Sonepetiya Toll Plaza of CHPRCL project has been notified in the Gazette of India and toll collection is being remitted to Consolidated Fund of India. However, compensatory Income against toll revenue of ` 43.65 crores (including Rs.0.44 crores towards recovery of penalty for delayed deposit of toll remittance) has been recognized as revenue in the books of the company as per the decision of Executive Committee of NHAI and subsequent approval thereof.

Note – 31

The Board vide its meeting has decided to transfer all the CWIP pertaining to HPL Link Road to HDA. The amount of Capital Expenditure along with interest and other charges shall be recoverable from HDA in 25 annual installments. The final amount of said amount recoverable from HDA is still under process and has been shown under Long Tem Loans & Advacnes.

Note – 32

There are no deferred tax assets or liability as envisaged by Accounting standard-22 Accounting for Taxes on Income.

Note – 33

No provision has been made for gratuity, leave encashment and other retirement benefits to company's employees since company has not employed its own staff but the staff is from NHAI. Hence, AS-15 on retirement benefits to employees is not applicable.

Note – 34 Auditors' Remuneration Includes:

Particulars	For the year Ended 31.03.2015	for the year Ended 31.03.2014
Audit Fees (Plus Service Tax)	115,000/-	115,000/-
	-------------	-------------
	115,000/- =======	115,000/ =======

Note – 35

Cash flow Statement: Company is required to prepare Cash Flow Statement as though the company is not listed but it is a Level – 1 enterprises as per AS-3.

Note – 36

The company does not have on its record any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act is not ascertainable.

Note – 37 Figures have been rounded off to nearest rupees.

Notes forming part of the Financial Statement for the year ended 31st March, 2014.

1. Theproject fromkm0.00tokm13.10wascompleted in themonth ofJune2004.Theremainingprojectfromkm13.10 tokm 18.30(5.20Km) was suspended since June 2004 due to non-removal of encroachment & non -handing over of the site by the StateGovt.TherehabilitationboardofStateofGoaisdealingwiththeremovalofencroachmentsfromtheprojectsite.

2. As per the directive of the Hon'ble High Court of Bombay at Goa, PWD of Govt.of Goa has already handed over 4.02 Km of clear land to the company. Out of the remaining 5.20 Km. The balance 1.18 Km which had to be made available to the company by 30th September 2009 as per the directives of the Hon'ble High Court of Bombay at Goa dated 21/08/2008 is still occupied by the encroachers. The State Govt. of Goa has filed Miscellaneous Civil Application before the Hon'ble High Court of Bombay at Goa on dated 23/09/2009 for the modification of earlier orders issued by the Hon'ble High Court dated 16/04/2007 and 28/11/2007 as well as for extension of time for another sixmonths.

3. TheHon'bleBombayHighCourtinit'sjudgmenton04.05.2011haddirectedtheStateGovt.ofGoatohandoverland(freeof encumbrance)toNHAIby30.06.2011andalsodirectedNHAItocompletetheworkby31.12.2011.TheStateGovt.failedto complywithdirectionofHighCourtandinstead,hasfiledSLPintheHon'bleSupremeCourton23.06.2011.

4. MeantimetheCompanyhasstartedconstructionactivitiesontheclearlandofthebalancestretchhandedovertotheCompany. For the construction of the remaining stretch, maintenance of the completed stretch and supervision of the project, the companyhas enteredintothreemajoragreementsduringtheyear2009-10oneofthemwas awarded toContractorM/sKMC ConstructionLtdforconstructionofbalanceportconnectivity.Theprojectcouldnotbecompletedinfullduetovariousissues like:

a) Non-removal ofencroachers
b) Non-shifting ofutilities.
c) Withdrawal of CRZ clearance (which was issued to NHAI in2007)
d) NonremovalofNaphthapipelinecominginthealignmentoftheroad.
e) Naphthablastsandfireincidentonprojectsiteon19th August2011atNH-17Bsite.

5. The work was stopped in August 2011 after naphtha blast.TheHon'ble Supreme Court vide it's Order dated 17.09.2012 disposed off the petition and directed that State Govt. of Goa may be permitted to construct the balance portion of 4 lane highway after foreclosure of the contract by MPRCL(NHAI) with M/s KMC Construction Ltd. The State Government would hand over the same to MPRCL(NHAI) after construction. The cost of construction would be borne by MPRCL , MPT and State Govt. of Goa.

6. ThestretchfromKm13.10toKm18.300hasbeenhandedovertoStatePWD.on06.12.2012withallthedetaileddocuments intheformofhardandsoftcopiesasperthedirectivesoftheHon'bleSupremeCourton17.09.2012.Anoticeofintentionfor foreclosurehasalsobeenissuedtotheContractoron26.11.2012byNHAI.Now,theestimatedcostasindicatedbyStateGovt isapproxRs.546Croresasper DPRofStateGovt,outofwhichBainabeachflyovercostwillbebornebyGovt.ofGoa.The Draft tripartie agreement between MPRCL(NHAI), MPT & State Govt of Goa for construction and handing over the same after construction has been sent to Govt of Goa for theirapproval.

7. TheprojectawardedtoM/SKMCconstructionsPvtLtdhasbeenmutuallyforeclosedandamicablysettledandpaidwith claimofRs.8,09,50,000/-asperrecommendationofISACandtheExecutiveCommittee

a) Contract agreement dated 17/11/2009 with M/s JMC Construction Private Limited for short term improvement and maintenanceofcompletedstretchforacontractpriceofRs.4.76Crore.Theshorttermdevelopment&maintenancework was commenced on 14/12/2009 by the contractor and the contractor period was twenty four months, The Contractor has already completed their job as peragreement.

b) Contract agreement dated 16/10/2009 with M/s Aarvee Associates Architects Engineers and Consultants for providing consultancy services for the implementation of the project for a contract price of INR 4.49 Crore& USD 4,37,600. The consultantcommencedtheirservicesfromNovember2009andthecontractperiodisforthirtymonths.Intheyear2011- 12(August, 2011), There was Naphtha fire incident on Project site of NH -17B, The foreign consultant who was also teamleaderwiththeaboveconsultanthasstoppedattendingthesitesinceincident,theCompanyhasrejectedtheirClaim for payment to the foreign consultant from August, 2011 onwards, however, consultancy services for domestic payment hasbeenfurther extendedtwicebyauthoritiesupto31/05/2013.Nowthecontractiscompleted.

c) A contract for- "Short Term cosmetic urgent maintenance of completed stretch from Km 0.00(Verna junction) toKm 13.10 (Varunapuri junction) of NH-17B in the State of Goa was awarded (amounting to Rs. 24,58,128/-) to M/S Apollo

Engineers & Contractors Pvt. Ltd, Margao-Goa on 1st March 2014. The work has been successfully completed in stipulated time and closed.

The possibility of levy of toll on partly completed stretch of 13.10 cannot be considered unless and until the balance 5.2 Kms stretch is completed. As there was opposition by the local public and availability of substitute road (i.e. NH 17A), the proposal for tolling the completed stretch cannot be taken up.

8. Duringtheyear2011-12, while digging and undertaking the Extension of Existing Highway NH-17 From Vanapuri Junction to Sada Junction, One Pipeline belonging to M/s Zuari Indian Oil Tanking Limited stood exposed & major fire erupted on 19/08/2011 with a result of drainage of Naphtha from the pipeline. FIR was registered in which Project Director is also made a partyandCriminalCasehasbeenfiledbeforeHon'bleHighCourtofBombayatGoa.Thecaseisstillpending.

9. Capitalizationoftheprojectassingleunitwillbedoneafterthecompletionoftheentireproject.Expenditureincurredontheprojectasondate isshownunderCapital Work in Progress.

10. The company has also received equity contribution of Rs. 4,00,00,000/- from Mormugao Port Trust(MPT) during 2010-11 as share application money pending approval of competent authority for allotment . The amount to the extent of unsubscribed authorizedcapitalisshownasShareApplicationMoneypendingallotment&thebalanceamountisshownunderOtherCurrent Liabilities.

11. Duringtheyear1998-99, Ministry of Commerce (MOC) under its critical infrastructure scheme had sanctioned Rs7.5 Crores to Mormugao Port Trust for improving its road infrastructure & connectivity with nearest National Highways. Out of total sanctioned funds,Rs.4.5 crore was released to MormugaoPort Trust,whichwasspentinconstructingthestarting3kmofRoad stretch under its MOU with Border Road Organization. On taking over of the project from Mormugao Port Trust, the company has shown Rs 4.5 Crores as capital grant under reserve and surplus which shall be in accordance with Accounting Standard-12, reducedfromthecostofspecificassetoncetheassetiscreated.The balance amount of grant of Rs.3crores will be accounted as and whenreceived.

12. As per the arrangement between the NHAI and the company, 75% of the actual salary and theestablishmentexpenditureofthe PIU shall be born by NHAI and the balance 25% shall be borne by the company. As a result, the expenses of Rs.14,77,568/- have been debited to NHAI by credit to the respective expense heads and hence the expenses appearingin thestatementofpre-operativeexpensesrepresentthebalance25%ofthetotalexpenses.

13. Interest payable to NHAI on Loan (Subordinate-Debt) has been calculated and provided in the books of accounts @ 10.5% which is approved by NHAI based on rate charged to (NHAI) on borrowings. The total Interest provided during the year is Rs.3,53,85,592/-.

14. Interest receivable on mobilization and equipment advances to contractors has been calculated and provided in the books of accounts on prime lending rate (PLR) of State Bank of India during the year.

15. Provision for Income Tax has been made of Rs. 6,84,924/- on interest earned on Bank deposit (FDRs) during the year (Previous year Rs.85,218/-)

16. Contingent Liabilities as on31/03/2014

(Rs. in Crores)

Description	Current Year	Previous Year
Claims against the Company not acknowledge as debts in respect of		
-Capital Works	9.54	69.26
-Legal Cases	82.34	82.34
-Capital Commitment	0.002	0.00
Total	91.882	151.60

a) ContingentLiabilitiestowardscapitalworksincludeclaimofBorderRoadOrganisationofRs.9.54crores(Previous Year - 9.54Crores)

b) ContingentLiabilitiestowardslegalcaseincludesRs.66.41crorestowardssuitfiledbyM/sZauriHoldingsLtd& Rs.15.93crorestowardssuitfiledbyM/sZuariIndianOilTankingLimitedforNapthafireaccident.

c) Capital Commitment is Rs. 0.002 crores for Maintenance Contract of Road.

17. Inter Company Balances as on31/03/2014:

S.N	Particulars	As per Our Books	As Per Books of NHAI	Difference
1	Recoverable against expenses	1,60,52,746/-(Dr)	1,60,52,746/-(Cr)	NIL
2	Loan including interest accrued(Net of tax)	39,25,35,954/-(Cr)	39,25,35,954/-(Cr)	NIL

18. The company being wholly state controlled enterprises as definedunder Accounting Standard – 18 on Related Party Disclosures. There are no transactions with other state controlled enterprises. Hence, no disclosures have been made.

19. All the Directors of the company are holding office in company as nominee’s of National Highways Authority of India, (parent organization) and Mormugao Port Trust, hence no payment has been made to them as salary/allowance or otherwise.

20. The company has not received any confirmation from its vendors/service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not beenfurnished.

21. Previously, the project was handled by Mormugao Port Trust.The Port Trust have also incurred certain expenditure during the initial period of project. Their claim of expenditure is amounting to Rs. 43.97 crore. Out of the same Rs. 18.80 crores has already been capitalizedinbooksofaccountsandtheremainingamountwillbecapitalizedandaccountedforafterdueverification

22. Auditor’sRemuneration:

	Fortheyear 2013-2014	For theyear 2012-2013
StatutoryAuditFee(includingservicetax)	95,506/-	95,506/-

23. Statement of preoperative expenditure includes amount pertaining to staff on deputation from NHAI/other Govt.Departments amount to Rs. 6,32,593/- which includes payment of Salary, EPF contribution, Leave Salary Cont., Pension Contribution, Medical Reimbursement, News Paper Reimbursementetc.
24. In the opinion of the management, Current Assets, Loans and Advances are stated as the value, which, if realized, in the ordinary course of thebusiness would not be less than the amount mentioned.
25. Since there is no Profit/Loss, earning per share pursuant to"Accounting Standard– 20"issued by Institute of Chartered Accountants of India has not been given.
26. In the absence of profit and loss account having been prepared, provision for deferred tax in terms of Accounting Standard -22 is not required tobemadeandhencetherearenodeferredtaxassetsorliabilities.
27. Balancesunderloansandadvances, deposits, unsecured loansetc, are subject to confirmation and necessary adjustments,if any.

28. Previous year figure have been regrouped/rearranged wherever considerednecessary.

Notes forming part of the Financial Statement for the year ended 31st March, 2013.

1. The project from km 0.00 to km 13.10 was completed in the month of June 2004. The remaining project from km 13.10 to km 18.30(5.20Km) was suspended since June 2004 due to non-removal of encroachment & non - handing over of the site by the State Govt. The rehabilitation board of State of Goa is dealing with the removal of encroachments from the projectsite.

   As per the directive of the Hon'ble High Court of Bombay at Goa, PWD, Govt. of Goa has already handed over 4.02 Km of clear land to the company. Out of the remaining 5.20 Km. The balance 1.18 Km which had to be made available to the company by 30th September 2009 as per the directives of the Hon'ble High Court of Bombay at Goa dated 21/08/2008 is still occupied by the encroachers. The State Govt. of Goa has filed Miscellaneous Civil Application before the Hon'ble High Court of Bombay at Goa on dated 23/09/2009 for the modification of earlier orders issued by the Hon'ble High Court dated 16/04/2007 and 28/11/2007 as well as for extension of time for another sixmonths.

   The Hon'ble Bombay High Court in its judgment on 04.05.2011 had directed the Goa State Govt. to hand over land (free of encumbrance) to NHAI by 30.06.2011 and also directed NHAI to complete the work by 31.12.2011. The State Govt. failed to comply with direction of High Court, instead. has filed SLP in the Hon'ble Supreme Court on23.06.2011.

   Meantime the Company has started construction activities on the clear land of the balance stretch handed over to the Company. For the construction of the remaining stretch, maintenance of the completed stretch and supervision of the project, the company has entered into three major agreements during the year 2009-10 the one of them was awarded to Contractor M/s KMC Construction Ltd for:

d) The balance Port Connectivity Project in the State of Goa from Varunapuri junction (Km.13.100) to Sada junction (Km.18.300) for a length of 5.20Km including FOB cum ROB for a length of 1.24Km for an amount of Rs. 120,32,53,238.00 Crores with a completion period of 24 months. The scheduled date of commencement and Scheduled date of completion were reckoned as 15.10.2009 and14.10.2011.

The project could not be completed in full due to various issues like:

f) Non-removal ofencroachers
g) Non-shifting ofutilities.
h) Withdrawal of CRZ clearance (which was issued to NHAI in 2007)
i) Non removal of Naphtha pipeline coming in the alignment of theroad.
j) Naphthablastsandfireincidentonprojectsiteon19thAugust2011atNH-17Bsite. The work was stopped in August 2011 after naphthablast.

Recently, the Hon'ble Supreme Court vide it's Order dated 17.09.2012 disposed off the petition and directed that State Govt. may be permitted to construct the balance portion of 4 lane highway after foreclosure of the contract by MPRCL(NHAI) with M/s KMC Construction Ltd. The State Government would hand over the same to MPRCL (NHAI) after construction. The cost of construction would be borne by MPRCL & MPT. The MOU between MPRCL (NHAI), MPT and State Govt. of Goa for construction and handing over the same after construction is underprocess.
As directed by the Supreme Court, joint measurement has been taken by MPRCL (NHAI), MPT and PWD, Govt. of Goa along with the Contractor for the quantity executed by the Contractor. The current cost for the balance quantity also has been worked out by M/s Aarvee Consultants which comes to Rs. 132.42 Crores (approx.). The actual cost would be known only after completion of work.

The stretch from Km 13.10 to Km 18.300 has been handed over to State PWD. on 06.12.2012 with all the detailed documents in the form of hard and soft copies as per the directives of the Hon'ble Supreme Court on 17.09.2012. A notice of intention for foreclosure also has been issued to the Contractor on 26.11.2012 by NHAI.

e) Contract agreement dated 17/11/2009 with M/s JMC Construction Private Limited for short term improvement and maintenance of completed stretch for a contract price of Rs.4.76 Crores. The short term development & maintenance work was commenced on 14/12/2009 by the contractor and the contractor periodwastwentyfourmonths,TheContractorhasalreadycompletedtheirjobasperagreement.

f) Contract agreement dated 16/10/2009 with M/s Aarvee Associates Architects Engineersand Consultants for providing consultancy services for the implementation of the project for a contract price of INR 4.49 Crores& USD 4,37,600. The consultant commenced their services from November 2009 and the contract period is for thirty months. In the year 2011-12(August, 2011), There was Naphtha fire incident on Project site of NH - 17B, The foreign consultant who was also team leader with the above consultant has stopped attending the site since incident, the Company has rejected their Claim for payment to the foreign consultant from August, 2011 onwards, however, consultancy services for domestic payment has been further extended twice by authorities upto 31/05/2014,2013.

The possibility of levy of toll on partly completed stretch of 13.10 cannot be considered unless and until the balance 5.2Kms stretch is completed. As there was opposition by the local public and availability of substituteroad(i.e.NH17A),theproposalfortollingthecompletedstretchcannotbetakenup.

2. During the year 2011-12, While digging and undertaking the Extension of Existing Highway NH- 17B From Vanapuri Junction to Sada Junction, One Pipeline belonging to M/s Zuari Indian Oil Tanking Limited stood exposed & major fire erupted on 19/08/2011 with a result of drainage of Naphtha from the pipeline. FIR was registered in which Project Director is also made a party and Criminal Case has been filed before Hon'ble High Court of Bombay at Goa. The case is stillpending.

3. Capitalization of the project as single unit will be done after the completion of the entire project. Expenditure incurred on the project as on date is shown under Capital Work inProgress.

4. The company has also received equity contribution of Rs. 4,00,00,000/- from Mormugao Port Trust(MPT) during 2010-11 as share application money pending approval of competent authority for allotment . The amount to the extent of unsubscribed authorized capital is shown as Share Application Money pending allotment & the balance amount is shown under Other CurrentLiabilities.

5. During the year 1998-99, Ministry of Commerce (MOC) under its critical infrastructure scheme had granted Rs 7.5 Crores to Mormugao Port Trust for improving its road infrastructure & connectivity with nearest National Highways. Out of total sanctioned funds, Rs. 4.5 Crores was released to Mormugao Port Trust, which was spent in constructing the starting 3 km of Road stretch under its MOU with Border Road Organization. On taking over of the project from Mormugao Port Trust, the company has shown Rs 4.5 Crores as capital grant under reserve and surplus which shall be in accordance with Accounting Standard-12, reduced from the cost of specific asset once the asset is created. The balance amount of grant of Rs. 3 Crores will be accounted as and whenreceived.

6. As per the arrangement between the NHAI and the company, 75% of the actual salary and the establishment expenditure of the PIU shall be borne by NHAI and the balance 25% shall be borne by the company. As a result, the expenses of Rs.10,18,909/- have been debited to NHAI by credit to the respective expense heads and hence the expenses appearing in the statement of pre-operative expenses represent the balance 25% of the totalexpenses.

7. Interest payable to NHAI on Loan (Subordinate-Debt) has been calculated and provided in the books of accounts @ 10.5% which is approved by NHAI based on rate charged to (NHAI) on borrowings. The total Interest provided during the year isRs.3,08,44,744/-.

8. Interest receivable on mobilization and equipment advances to contractors has been calculated and provided inthebooksofaccountsonprimelendingrate(PLR)ofStateBankofIndiaduringtheyear.

9. Provision for Income Tax has been made of Rs. 85,218/- on interest earned on Bank deposit (FDRs) during the year. (Previous year Rs.2,51,790/-).

10. Contingent Liabilities as on 31/03/2014,2013

(Rs. in Crores)

Description	Current Year	Previous Year
Claims against the Company not acknowledge as debts in respect of		
-Capital Works	69.26	35.12
-Legal Cases	82.34	68.00
Total	151.60	103.12

d) Contingent Liabilities towards capital works include claim of M/s KMC Construction Ltd of Rs. 59.62 Crores for idling of resources, opportunity loss & other compensation for foreclosure of Contract and also includes claim of Border Road Organization of Rs. 9.54Crores

e) Contingent Liabilities towards legal case includes Rs. 66.41 Crores towards suit filed by M/s Zauri Holdings Ltd & Rs. 15.93 Crores towards suit filed by M/s Zuari Indian Oil Tanking Limited for Napthafireaccident.

11. Inter Company Balances as on31/03/2013:

S.N	Particulars	As per Our Books	As Per Books of NHAI	Difference
1	Recoverable against expenses	15,490,258/-(Dr)	13,985,918/-(Cr)	1,504,340/-(Dr)
2	Loan including interest accrued(Net of tax)	3,24,738,921/-(Cr)	3,29,738,921/-(Dr)	5,000,000 (Cr)

*Rs. 50,00,000 (Cr.) difference is on account of funds received from NHAI in month of April, 2013.

12. The company being wholly state controlled enterprises as defined under Accounting Standard – 18 on Related Party Disclosures, there are no transactions with other state controlled enterprises. Hence, no disclosures have beenmade.

13. All the Directors of the company are holding office in company as nominee’s of National Highways Authority of India, (parent organization) and Mormugao Port Trust, hence no payment has been made to them as salary/allowance orotherwise.

14. The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not beenfurnished.

15. Previously, the project was handled by Mormugao Port Trust. The Port Trust have also incurred certain expenditure during the initial period of project. Their claim of expenditure is amounting to Rs. 43.97 Crores. Out of the same Rs. 18.80 Crores has already been capitalized in books of accounts and the remaining amount will be capitalized and accounted for after dueverification.

16. AuditorRemuneration:

	Fortheyear 2012-2013	For theyear 2011-2012
Statutory Audit Fee (excludingservicetax)	85,000/-	85,000/-

17. Vide Notification No. 30/2012 ST dt. 20/06/2012, a new scheme of taxation of services has been brought into effect i.e. Reverse Charge Mechanism wherein in case of certain services the liability of depositing Service Tax for services received shall be on Service Recipient in the proportionate prescribed under the said notification. The Company is yet to be registered itself under service Tax, therefore, the amount of service Tax due on Reverse charge amounting to Rs.104283/- has not been deposited with Central Govt. & is lying in currentliabilities.

18. Statement of preoperative expenditure includes amount pertaining to staff on deputation from NHAI/other Govt. Departments amount to Rs.3,73,579/-, which includes payment of Salary, EPF contribution, Leave Salary Cont., Pension Contribution, Medical Reimbursement, News Paper Reimbursementetc.

19. In the opinion of the management, Current Assets, Loans and Advances are stated as the value, which, if realized, in the ordinary course of the business would not be less than the amount mentioned.

20. Since there is no Profit/Loss, earning per share pursuant to “Accounting Standard – 20” issued by Institute of Chartered Accountants Of India has not been given.

21. In the absence of profit and loss account having been prepared, provision for deferred tax in terms of Accounting Standard-22 is not required to be made and hence there are no deferred tax assets or liabilities.

22. Balances under loans and advances, deposits, unsecured loans etc, are subject to confirmation and necessary adjustments, ifany.

23. Previous year figure have been regrouped/rearranged wherever considerednecessary.

Annexure VIII

Statement of Accounting Ratios

PARTICULARS	2017	2016	2015	2014	2013
Earning per share (Basic/Diluted) (`)	NA	NA	NA	NA	NA
Return on net worth (%)	NA	NA	NA	NA	NA
Net asset value per equity share (`)	11.30	13.09	10.77	10.77	10.77
Weighted average number of equity shares outstandingduringtheyear/period(in crore)	10.36	6.16	5.830	5.830	5.830
Total number of share outstanding at the end of the year / period (in crore)	14.79	6.23	5.83	5.83	5.83
Debt Equity Ratio	0.40	0.59	0.66	0.63	0.52

Notes:

The ratios have been computed as below:

Earning per Share (`)	=	Profit after tax / Number of equity shares at the end of the year.
Return on networth (%)	=	Profitaftertax/NetWorthattheendoftheyear.
Net asset value per equity share (Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year.
Debtequity	=	Total Debt outstanding at the end of the year/ Net worth at the end of the year.

MORMUGAO PORT ROAD COMPANY LIMITED

Qualification/Emphasis of Matter paragraph to Auditors'Reports

Annexure-VIII

<u>Year ending March 31, 2017</u>

Basis for qualified opinion

1. **Impairment of completed stretch:**

The road stretch from 0.00 km to 13.10 km was competed in June, 2004, however, no provision has been made on account of normal wear and tear of the completed stretch.

2. **Balance Confirmations**

The reconciliations in respect of balances payable to MIS Gammon India Limited and M/S S.N.Bhope & Associates with balances appearing as per the balance confirmation certificates received from them are not provided. Hence we are unable to quantify the impact of the adjustments, if any, arising from reconciliations of account balances on the Financial Statements.

3. **Unclaimed Liabilities**

Other current liabilities includes Rs. 1033948/- payable to a vendor M\S Stup consultant
The amount is outstanding from more than 11 years and for want of documentary evidence, the possibility of payment of liability cannot be commented upon.

4. **Capital Work in Progress**

Non- Accounting of claims of Rs. 15.54 Crores in respect of expenditure initially incurred by Mormugao Port trust for want of Verification.

5. **Long term Loans & Advances (Capital Advance)**

Capital Advances of Rs. 4.55 Cr. Paid to Govt. of Goa for rehabilitation to capital.

The Captial Advance of Rs. 50 lacs paid to Electricity Department, Goa pending for transfer to capital WIP due to non availability utilization report

Emphasis of Matters

We draw attention of the following matters in the Notes to the financial statements.

- Delay in completion of project:

The single project being handled by the company was taken up in 1st April, 2001. Because of various reasons given in the note regarding the background of the company & the notes forming part of the financial statements, the project has been unduly delayed resulting in multiple adverse effect on the financial health of the company i.e. loss of revenue on account of non-collection of toll of the completed stretch, increase in cost of project due to escalation in the cost of construction, additional interest cost on unsecured loan (sub-debt) etc.

ii) Non Compliance of the provisions of Companies Act, 2 0 1 3 .

Non compliance of the provisions of Section 203

The company did not have a full time Company Secretary/KMP as required as per the provision of Section 203 of the Companies Act. 2013.

Non compliance of the provisions of Section 42(6)

The shares of Rs.37.40 crores has been issued to M/S MPT during the year against the amounts already shown in the balance sheet ended on 316 under the head share application money.Rs.176981970.00 and Rs .l97018031.00 under the head current liabilities. The amount was not kept separately in the share equity account in the bank and the same were not issued within the prescribed time lin1it as per the Company Act 2013.

Year ending March 31, 2016

Basis for qualified opinion

1. **Impairment of completed stretch:**

The road stretch from 0.00 km to 13.10 km was competed in June, 2004; however, no provision has been made on account of normal wear and tear of the completed stretch.

2. **Share Application Money and Current Liabilities**

Rs. 37.40 crores was received from Mormugao Port Trust as their contributions towards the balance and additional work. The amount is shown as share application money pending allotment and current liabilities due to the non decision of the management.

Out of this Rs 17,69,81,970/- has been shown under the head share application money pending allotment as the difference between the total issued capital and total authorized capital and balance Rsl9,70,18,031/-has been classified as current liabilities.

The amount received is to be shown under appropriate head after making the decision by the management.

3. **Unclaimed Liabilities**

Other current liabilities include Rs. I 0, 33,948/- payable to a vendor M\S Stup consultant
The amount is outstanding from more than 11 years and for want of documentary evidence, the possibility of payment ofliability cannot be commented upon.

4. **Capital Work in Progress**

Non-Accounting of claim of Rs. 15.54 crores 111 respect of expenditure initially incurred by Mormugao Port Trust for want of verification.

5. **Long term Loans & Advances (Capital Advance)**

Capital advance Rs. 4.55 Cr. Paid to Govt. of Goa for rehabilitation to capital

The Captial Advance of Rs. 50 lacs paid to Electricity Department, Goa pending for transfer to capital WIP due to non availability utilization report.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for qualified opinion, the aforesaid (Standalone) financiai statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Balance Sheet. of the state of affairs of the Company as at March 31, 2016;
b) In the case of Statement of Pre-Operative Expenditure for the year ended on that date; and
c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters

We draw attention of the following matters in the Notes to the financial statements.

i) Delay in completion of project:
The single project being handled by the company \Vas taken up in l 'r April, 2001. Because of various reasons given in the note regarding the background of the company & the notes forming part of the financial statements, the project has been unduly delayed resulting in multiple adverse effect on the financial health of the company i.e. loss of revenue on account of non-collection of toll of the completed stretch, cost of project may increase due to escalation n the cost of construction, additional interest cost on unsecured loan (sub-debt) etc.

ii) Non Compliance of the provisions of Companies Act 2013.

<u>Non compliance of the provisions of Section 203</u>
The company did not have a full time Company Secretary/KMP as required as per the provision of Section 203 of the Companies Act, 2013.

<u>Non compliance of the provisions of Section 42(6)</u>
The company not received application money in a separate bank account as prescribed in Companies Act, 2013 and non issuance of the shares vvithin the prescribed time.

Year ending March 31, 2015

Basis for Qualified Opinion

i) Impairment of completed stretch:

The road stretch from km 0.00 to km 13.10 was completed in June, 2004; however, no provision has been made on account of normal wear and tear of the completed stretch.

ii) Unclaimed Liabilities

Other Current liabilities includes Rs. 10, 33,948/- payable to a vendor (Refer Note No.7)
The amount is outstanding for more than 10 years and for want of documentary evidence, the possibility of payment of liability cannot be commented upon.

(iii} Capital Work in Progress

Non-Accounting of claim of Rs. 25.17 crores in respect of expenditure initially incurred by Mormugao Port Trust for want of verification.

Qualified Opinion

In our opinion ;:in d i <J l:he best (JI (H.11' infnrrnati on c1r1cJ ac cording Lo Uw expl ar1ati nns givt':n tn u:,, exce pi: for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements given the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally acce pted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at Mardi 31, 2015;
b) in the case of the Statement of Pre-Operative Expenditure for the year ended on that date; and
c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements

i) Delay in completion of project:

The single project being handled by the company was taken up in 1s t April, 2001. Because of various reasons given in the note regarding the background of the company & the notes forming part of the financial statements, the project has been unduly delayed resulting in multiple adverse effect on the financial health of the company i.e., loss of revenue on account of non-collection of toll of the completed stretch, cost of project may increase due to escalation in the cost of construction, additional interest cost on unsecured loan (sub-debt} etc.

ii) Non Compliance of the Provisions of Companies Act, 2013.

Non compliance of the provisions of Section - 203

The company did not have a full time company secretary as required as per the provision of Section 203 of the Companies Act, 2013. Our opinion is not qualified in respect of above matters.

<u>Year ending March 31, 2014</u>

Basis for Qualified Opinion

i) **Impairment of completedstretch:**

The stretch from km 0.00 to13.10 was completed in June, 2004; however on provision has been made on account of normal wear and tear of the completed stretch.

ii) **Unclaimed Liabilities**

Other Current liabilities includes Rs. 10, 33,948/- payable to four vendors/others

These amounts are outstanding form ore than 9 years. For want of documentary evidence, the possibility of payment of liability cannot be commentedupon.

iii) **Capital Work in Progress**

Non-Accounting of claim of Rs.25.17 crores in respect of expenditure initially incurred by Mormugao Port Trust for wants of verification. Refer NoteNo.31.

iv) **Misc. Receipts**

Forwant of documentary evidence, the accuracy and nature of income can not b ecommented upon in respect of Misc. Income of Rs.2930250/- appearing in pre-operative expenditure related to amount sreceived during they ear from various parties for damage caused to road surface.
The overall consequential impact of our comments in Para (i) to (iv) above, on the financial statement could not be ascertained at this stage.

Emphasis of Matter

We draw attention to:

(i) **<u>Delay in completion of project:</u>**
The single project being handled by the Company was taken up in 1st April, 2001. Because of various reasons given in the note regarding the back ground of the Company, the notes forming part of the financial statements, the project has been unduly delayed resulting in multiple adverse effect on the financial health of the company i.e., loss of revenue on account of non-collection of toll of the completed stretch, cost of project may increase due to escalation in the cost of construction, additional interest cost on unsecured loan (sub-debt) etc.

(ii) **<u>Non Compliance of the Provisions of Companies Act, 1956 Non-Compliance of the provisions of Section – 383(A)</u>**
The Company did not have a fulltime company secretary as required as per the provision of Section 383(A) of the Companies Act, 1956.

Our opinion is not qualified in respect of above matters.

Year ending March 31, 2013

Basis for Qualified Opinion

i) Impairment of completed stretch:

The stretch from km 0.00 to13.10 was complete din June, 2004; how evernoprovision has been made on account of normal wear and tear of the completedstretch.

ii) UnclaimedLiabilities

Other Current liabilities includes Rs. 18,94,285/-payable to four vendors/others These amounts are outstanding for more than 9 years.For want of documentary evidence, the possibility of payment of liability cannot be commentedupon

iii) Inter-CompanyBalances

Disagreement in balances in the book so f account of Mormugao Port Road Co.Ltd. and National Highway Authority of India (NHAI) on account of amount recoverable from parent company (NHA1 9 leaving aadherence of Rs.15,04,340/-which need be examined and adjusted suitably. Refer Revised Note No.11 to the Notes to accounts forming part of the financial statements.

iv) Capital Work in Progress

NonAccountingofclaimofCapitalWorkinProgressincurredinitiallybyMormugaoPortTrustforwantsofverification.Refer Revised Note No.15to the notes to accounts forming part of the financial statements. The overall consequential impact of our comments in Para (i) to (iv) above, on the financial statement could not be ascertained at this stage.

Emphasis of Matter

We draw attention to:

Delay in completion of project:

The single project being handled by the company was taken up in **1’** April, **2001.** Because of various reasons given in the note regarding the background of the company, in the notes forming part of the financial statements, theproject has been unduly delayed resulting in multiple adverse effect on the financial health of the company i.e., loss of revenue by non- collection of toll of completed stretch,cost of project may increase due to escalation in the cost of construction,additional interest cost on unsecured loan (sub-debt)etc.

Non Compliance of the Provisions of Companies Act, 1956.

The company did not have a full time company secretary as required as per the provisio of Section383 (A) of the Companies Act, 1956.

Our opinion is not qualified in respect of above matters.

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G- 5&6, Sector 10, Dwarka
New Delhi-110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF MUMBAI- JNPT PORT ROAD COMPANY LIMITED IN CONNECTION IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), IN THE FINANCIAL YEAR 2018-2019 ("ISSUE").

1. We have read the reformatted financial information of **Mumbai-JNPT Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter no. NHAI/11033/Bharatmala Bonds /Auditor/2018-19 dated September 6, 2018 in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2017,2016, 2015,2014 and 2013, which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2016-17	Sahni Natarajan And Bhal
2015-16	Sahni Natarajan And Bhal
2014-15	Sahni Natarajan And Bhal
2013-14	Sunil K. Gupta & Associates
2012-13	Sunil K. Gupta & Associates

2. **Management's Responsibility**
The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping /

reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Schedule III of the Companies Act, 2013.

3. Auditor's Responsibility

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2017, 2016, 2015, 2014 and 2013 and reclassification /regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. Financial Information as per Audited Financial Statements

We have read the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March 2013 to 31st March, 2017 (Annexure I), ' Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI to this report.

ii. The Reformatted Financial Information of the Company has been regrouped and reclassified in accordance to Schedule III of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2017. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

iv. There are no extraordinary items that need to be disclosed separately in the Reformatted Financial Statements.

v. The Company has not declared any dividends for each of the years ended 31st March,2017, 31st March 2016, 31st March 2015, 31st March, 2014 and 31st March, 2013.

vi. These Reformatted Financial Statements have been prepared in “Rs. in Lacs” for the convenience of the readers.

vii. There are qualifications in the auditor’s report on financial statements as on and for the years ended 31st March 2017 and 2013 which are reproduced in Annexure VIII.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor’s qualifications.

For Financial year ending 31 March 2017 the Financial statements have been prepared following Indian Accounting Standards (Ind AS) as per Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Financial statements for the financial years ending 31 March 2016, 2015, 2014, 2013 have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) as per Rule 7 of Companies (Accounts) Rules, 2014(as amended). Due to this, figures of year as on 31 March 2017 are not comparable with figures of other years.

6. Other Reformatted Financial Information of the Company:

At the company’s request we have read the following Other Reformatted Unconsolidated Financial information relating to the company, proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2017, 2016, 2015,2014and 2013 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March,2017, 31st March 2016, 31st March, 2015 31st March, 2014 and 31st March,13 (Annexure VII).

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous

audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31,2017.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner

Membership No- 098358

Date: 25 September 2018
Place: Ghaziabad

MUMBAI JNPT PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF ASSET AND LIABILITIES

ANNEXURE-I
(Rs. In Lacs)

Particulars	Notes	As At 31st March 2017	As At 31st March 2016	As At 31st March 2015	As At 31st March 2014	As At 31st March 2013
EQUITY AND LIABILITIES						
EQUITY						
(i) Equity share capital	**3**	14,866.00	14,866.00	14,866.00	14,605.00	14,605.00
(ii)Other equity	**4**	42,170.85	-	-	-	-
Reserves and Surplus	**4**	-	36,493.77	30712.26	23,132.09	14,844.64
		57,036.85	**51,359.77**	**45,578.26**	**37,737.09**	**29,449.64**
SHARE APPLICATION MONEY PENDING ALLOTMENT	**5**	-	-	-	261.00	261.00
LIABILITIES						
I. NON-CURRENT LIABILITIES						
(i) Financial liabilities						
Other financial liabilities	**6**	624.25				
Deferred Tax Liabilities	**7**	-	1,264.32	1,422.05	1,424.32	1,900.69
Other Long-Term Liabilities	**8**	-	-	721.08	525.00	1,183.07
II. CURRENT LIABILITIES						
(i) Financial liabilities						
Trade payables	**9**	59.27	303.13	366.08	233.32	253.63
Other current financial liabilities	**11**	900.79				
(ii) Other current liabilities	**10**	220.16	1,319.30	173.27	896.19	218.13
(iii) Current tax liabilities (Net)		-	-	-	-	-
Short Term Provisions	**12**			47.54	(205.61)	1,037.00
		58,841.33	**54,246.52**	**48,308.28**	**40,871.32**	**33,266.16**
ASSETS						
I. NON-CURRENT ASSETS						
Fixed Assets						
Property, Plant and Equipment	**13**	0.98	-	-	-	-
Tangible Asset	**13**	-	5.59	7.70	15.23	21.59
Intangible Asset	**13**	15,476.59	17,537.67	19,604.40	21,661.58	24,947.77
Intangible Assets under development	**13**	13,461.27				
Capital Work in Progress	**14**		715.09	557.89	492.96	437.64
Financial Assets						
Other financial assets	**15**	2,500.62	-	-	-	-
Deferred tax assets (Net)	**16**	1,092.74	-	-	-	-
Non- current tax assets	**17**	367.00	-	-	-	-
Long-Term Loans and Advances	**18**	-	3585.39	4910.02	3,698.88	21.27
II. CURRENT ASSET						
(i) Financial assets						
Trade Receivables	**19**	1,269.50	394.71	569.88	1,280.43	149.54
Cash and Cash Equivalents	**20**	4,880.58	29,154.30	19,656.72	12,654.65	6,883.69
Bank balance other than cash and cash equivalents		-	-	-	-	-
Other current financial assets	**21**	19,791.79	-	-	-	-

(ii) Current Tax Assets		-	-	-	-	-
(iii) Other Current Assets	**22**	0.27	2,552.99	2,795.35	168.20	53.64
Short Term Loans and Advances	**23**	-	300.79	206.32	2,202.29	1,788.63
		58,841.33	**54,246.52**	**48,308.28**	**40,871.32**	**33,266.16**
SIGNIFICANT ACCOUNTING POLICIES	**1-2**					

Note: Reformatted financial statements for the year ended as on 31 March 2017 have been prepared as per Ind AS and reformatted financial statements for the year ended as on 31 March 2016, 2015, 2014, 2013 have been prepared as per Indian GAAP.

MUMBAI JNPT PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF PROFIT AND LOSS ACCOUNT

ANNEXURE-II
(Rs. In Lacs)

Particulars	Notes	As At 31st March 2017	As At 31st March 2016	As At 31st March 2015	As At 31st March 2014	As At 31st March 2013
Revenue						
Revenue from Operations	**24**	9,730.39	9,558.21	8,797.07	8,201.12	8,057.45
Other Income	**25**	1,378.08	2,341.35	2,060.06	1,284.02	450.54
TOTAL REVENUE		**11,108.47**	**11,899.56**	**10,857.12**	**9,485.14**	**8,507.99**
Expenses						
Employees' Benefits Expenses	**26**	34.84	34.29	25.69	21.85	17.39
Finance Costs	**27**	7.92	5.21	7.28	0.02	67.61
Depreciation and Amortisition Expenses		2,061.75	2,068.84	2,062.82	2,067.45	1,780.13
Other Expenses	**28**	95.23	720.99	698.34	937.74	1,438.78
Corporate Social Responsibility Expense	**29**	155.68	240.00	-	-	-
Prior Period Adjustments	**30**	-	-	-	1,227.78	22.69
TOTAL EXPENSES		**2,355.41**	3,069.33	2,794.13	**4,254.84**	**3,326.60**
PROFIT BEFORE TAX		**8,753.06**	**8,830.23**	**8,063.00**	**5,230.30**	**5,181.39**
Tax Expense:						
Current tax		3,229.35	3,210.50	1,691.57	1,096.30	1,037.00
Deferred tax		(153.13)	(157.73)	(0.69)	(476.37)	1,900.69
Tax for earlier years written back		(0.24)	(4.05)			
Mat Credit Entitlement				(1,211.14)	(831.05)	
Mat Credit Entitlement for Previous Years					(2,846.00)	
PROFIT AFTER TAX		**5,677.08**	**5,781.51**	**7,583.26**	**8,287.45**	**2,241.00**
EARNINGS PER EQUITY SHARE	**31**					
Equity Shares of par value Rs.10/- each						
Basic		3.82	3.89	5.19	5.67	1.53
Diluted		3.82	3.89	5.10	5.57	1.51

Note: Reformatted financial statements for the year ended as on 31 March 2017 have been prepared as per Ind AS and reformatted financial statements for the year ended as on 31 March 2016, 2015, 2014, 2013 have been prepared as per Indian GAAP.

MUMBAI JNPT PORT ROAD COMPANY LIMITED
REFORMATTED CASH FLOW STATEMENT

ANNEXURE-III
(Rs. In Lacs)

S. No.	Particulars	As At 31st March 2017	As At 31st March 2016	As At 31st March 2015	As At 31st March 2014	As At 31st March 2013
A.	**CASH FLOW FROM OPERATING ACTIVITIES**					
a)	**Profit before Tax**	8,753.06	8,830.23	8,063.00	6,458.08	5,158.70
	Adjustments for:					
	Depreciation	2,061.75	2,068.84	2,062.82	2061.75	2068.84
	Interest (Expense)	7.92	5.21	7.28	-	67.61
	Sundry balances written off	5.61	0.23	-	-	-
	Sundry balances written back	(25.39)	(2.46)	-	-	-
	Interest (Income)	(1351.51)	(2338.88)	(2,052.56)	(817.54)	(457.93)
	Assets Written off	4.79	-	-		
	Prior Period Adjustment	-	-	-	(1,227.78)	22.69
	Tax expenses	-	-	-	-	(2,940.39)
	Operating Profit before Working Capital Changes	**9,456.23**	**8,563.17**	**8,080.54**	**7,706.32**	**3,630.80**
b)	**Adjustments for:**					
	Increase/(decrease) Trade and other receivables	(1812.21)	98.99	648.82	(358)	(61.11)
	Increase/(decrease) Trade and other payables	(632.62)	338.84	(427.95)	(417)	8.50
	Increase/(decrease) Provision for Tax				3,057	901.54
	Increase/(decrease) Deferred tax					1,900.69
	Increase/(decrease) in Current liabilities					(354.76)
	Increase/(decrease) in Non-Current liabilities					(161.45)
	(Increase)/decrease in Current asset					(8.47)
	(Increase)/decrease in Non-Current Asset				(3,678)	
		(2,444.84)	**437.82**	220.87	**(1,395.65)**	**2,224.94**
	Cash Generated From Operations	**7,011.39**	**9,000.99**	**8,333.39**	**6,310.67**	**5,855.75**
c)	Direct Taxes Paid	(1,949.15)	(2,021.24)	(1,651.25)	(1,302.00)	(1,060.00)
	Net Cash Flow from Operating Activities (A)					
B.	**NET CASH FLOW FROM INVESTING ACTIVITIES**					
	Fixed Deposits	27,776.42	(8956.42)	(18,820.00)	-	-
	Purchase/Sale of Fixed Assets	(32207.56)	(131.57)	(34.85)	-	(138.86)
	Interest Received	2871.56	2652.38	386.71	818	457.93

	Capital work in progress	-	-	-	((55)	(60.51)
	Increase/Decrease in short term loans & advances	-	-	-	-	(310.06)
	Increase/Decrease in long term loans & advances	-	-	-	-	2.85
	Net Cash (used) in Investing Activities (B)	**(1559.59)**	**(6435.60)**	(18468.10)	**762.20**	**(48.65)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Interest paid		(2.98)			(67.61)
	Proceeds from borrowings	0.05				(2,858.18)
	Net Cash (used) in Financing Activities (C)	**0.05**	**(2.98)**		**-**	**(2,925.78)**
	Increase in Cash and equivalent (A+B+C)	3,502.70	541.16	(11,817.93)	5,770.96	1,821.31
	Cash & cash equivalents at the beginning of the year	1,377.88	836.72	12,654.65	6,883.69	5,062.38
	Cash & cash equivalents at the end of the year	**4880.58**	**1377.88**	**836.72**	**12,654.65**	**6,883.69**

Note: Reformatted financial statements for the year ended as on 31 March 2017 have been prepared as per Ind AS and reformatted financial statements for the year ended as on 31 March 2016, 2015, 2014, 2013 have been prepared as per Indian GAAP.

ANNEXURE-IV
(Rs. In Lacs)

Note- 3 Share Capital

(a)

Particulars	As At 31st March 2017		As At 31st March 2016		As At 31st March 2015		As At 31st March 2014		As At 31st March 2013	
	No. of Shares	Amount in Lacs	No. of Shares	Amount in Lacs	No. of Shares	Amount in Lacs	No. of Shares	Amount in Lacs	No. of Shares	Amount in Lacs
Authorized:										
Equity Shares of ` 10 each	15000000(	15,000	15000000(	15,000	150000000	15,000	15000000(	15,000	15000000(	15,000
Issued, Subscribed and Fully Paid up :										
Equity Shares of Rs. 10 each fully paid up	14866000	14,866	14866000	14,866	148660007	14,866	14605000	14,605	14605000	14,605

(b). Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year:

Particulars	As At 31st March 2017		As At 31st March 2016		As At 31st March 2015		As At 31st March 2014		As At 31st March 2013	
	No. of Shares	Amount in Lacs	No. of Shares	Amount in Lacs	No. of Shares	Amount in Lacs	No. of Shares	Amount in Lacs	No. of Shares	Amount in Lacs
At the beginning of the Year	14866000	14,866	14866000	14,866	146050007	14,605	14605000	14,605	14605000	14,605
Fresh issue of shares during the year	-	-	-	-	2610000	261	-	-	-	-
Outstanding at the end of the year	14866000	14,866	14866000	14,866	148660007	14,866	14605000	14,605	14605000	14,605

(c) Rights, Preferences and Restrictions Attached to Equity Shares:

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(d) Details of Shares held by Holding Entity

Particulars	As At 31st March 2017		As At 31st March 2016		As At 31st March 2015		As At 31st March 2014		As At 31st March 2013	
	No. of Shares	Amount ir Lacs	No. of Shares	Amount in Lacs	No. of Shares	Amount in Lacs	No. of Shares	Amount in Lacs	No. of Shares	Amount in Lacs
National Highways Authority of India (along with it's Nominees)	99660007	9966	99660007	9966	99660007	9966	NA*	NA*	NA*	NA*

***Information not provided in respective Financial Statements.**

(e) Particulars of equity share holders holding more than 5% of the total number of equity share capital

Particulars	As At 31st March 2017		As At 31st March 2016		As At 31st March 2015		As At 31st March 2014		As At 31st March 2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
National Highway Authority of India (With its Nominees)	99660007	67.04	99660007	67.04	99660007	67.04	97050007	67	97050007	67
Jawaharlal Nehru Port Trust	40000000	26.91	40000000	26.91	40000000	26.91	40000000	27	40000000	27
City and Industrial Development Corporation	9000000	06.05	9000000	06.05	9000000	06.05	9000000	6	9000000	6
	148660007	**100.00**	**148660007**	**100.00**	**148660007**	**100.00**	**146050007**	**100.00**	**146050007**	**100.00**

Note No.	Particulars	As At 31st March 2017	As At 31st March 2016	As At 31st March 2015	As At 31st March 2014	As At 31st March 2013
4	**RESERVES AND SURPLUS**					
	Opening Balance	-	30,712.26	23132.09	14,845.00	12,604.00
	Add: Profit during the year	-	5,781.51	7,583.26	8,287	2,241.00
	Less: Adjustment of fixed assets	-	-	(3.09)	-	-
	Balance as at the end of the year	-	**36,493.77**	**30712.26**	**23,132**	**14,845**
4	**Other Equity**					
	Retained Earnings					
	Opening Balance	36,493.77	-	-	-	-
	Add: Profit during the year	5,677.08	-	-	-	-
	Adjustment of fixed assets due to revision in depreciation rates	-	-	-	-	-
	Balance as at the year end	**42,170.85**	-	-	-	-
5	**SHARE APPLICATIO N MO NEY PENDING ALLO TMENT**				**261**	**261**
6	**OTHER FINANCIAL LIABILITIES**					
	Others					
	Capital Creditors	624.25	-	-	-	-
	Performance Security Deposits	-	-	-	-	-
		624.25	-	-	-	-
7	**DEFERRED TAX LIABILITIES**					
	Depreciation/Amortization on Fixed Assets	-	1,264.32	1,422.05	-	-
		-	**1,264.32**	1,422.05	-	-
8	**OTHER LONG- TERM LIABILTIES**					
	Retention Money	-	-	-	-	1.21
	Security Deposit	-	-	721.08	525.00	1,181.85
		-	-	**721.07**	**525.00**	**1,183.07**
9	**TRADE PAYABLES**					
	Owed to Micro, Small and Medium Enterprises *	-	-	-	-	-
	Other Payables	59.27	303.13	366.08	233.32	253.63
		59.27	**303.13**	**366.08**	**233.32**	**253.63**
	*The Company has not received any information from the vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ('the MSMED					

	Act') and hence disclosure, if any, relating to amounts unpaid as at the year end together with interest paid / payable under the MSMED Act, have not been given.					
10	**OTHER CURRENT LIABILITIES**					
	Retention Money	-	-	-	120.10	116.46
	Other liabilities	-	-	-	765.03	93.64
	Statutory Liabilities	-	-	-	11.06	8.03
	Capital creditors	-	82.12	56.49		
	Performance Security deposits	-	1122.57	0.30		
	Advances from Contractors	-	44.16	44.16		
	Other Expenses Payable	-	39.08	57.50		
	Statutory Dues Payable	220.16	26.00	9.67		
	Employees Related Liabilities	-	5.37	5.15		
		220.16	**1,319.30**	**173.27**	**896.19**	**218.13**
11	**OTHERS FINANCIAL LIABILITY**					
	Performance Security Deposits	296.74	-	-	-	-
	Employees Related Liabilities	10.78	-	-	-	-
	Advances from Contractors	51.14	-	-	-	-
	Other Expenses Payable	10.70	-	-	-	-
	Capital Creditors	531.43	-	-	-	-
		900.79	-	-	-	-
12	**SHORT-TERM PROVISIONS**					
	Provision for Taxation (net of advance tax)	-	-	47.54	(205.61)	1,037.00
		-	-	**47.54**	**(205.61)**	**1,037.00**
14	**CAPITAL WORK IN PROGRESS**					
	Capital Work in Progress At Site	-	-	-	85.56	50.08
	Unallocated Project Preoperative Expenditure	-	-	-	407.40	387.56
		-	-	-	**492.96**	**437.64**
15	**OTHER FINANCIAL ASSETS**					
	(Secured, Considered Good)					
	Advance under Arbitration Award Scheme*	2,478.60	-	-	-	-
	(Unsecured, Considered Good)					
	Security Deposits	22.01	-	-	-	-
		2,500.62	-	-	-	-
16	**Deferred Tax Assets (Net)**					
	Deferred Tax Assets	2,203.93	-	-	-	-
	Deferred Tax Liabilities	1,111.19	-	-	-	-
	Deferred tax asset relates to the following					
	Mat Credit Entitlement	2,203.93	-	-	-	-
	Deferred Tax Assets (A)	**2,203.93**	-	-	-	-
	Deferred tax liability relates to the following					
	Impact of difference between tax depreciation/ amortization and depreciation/ amortization charged for the financial reporting	1,111.19	-	-	-	-

	Deferred Tax Liabilities (B)	**1,111.19**	-	-	-	-
	Deferred Tax Assets (Net) (A - B)	**1,092.74**	-	-	-	-
17	**Non-Current Tax Assets**					
	Income Tax Refundable	367.00	-	-	-	-
		367.00	-	-	-	-
18	**LONG-TERM LOANS AND ADVANCES**					
	Unsecured, considered good					
	Security Deposits	-	21.83	21.83	21.83	21.27
	Mat Credit Entitlement	-	3,563.55	4,888.19	3,677.05	-
		-	**3,585.39**	**4,910.02**	**3,698.88**	**21.27**
19	**TRADE RECEIVABLES**					
	Due for more than six months	-	-	-	1,280.43	-
	Others	-	394.71	569.88	-	149.14
	from Related Party	1,269.50	-	-	-	-
		1,269.50	**394.71**	**569.88**	**1,280.43**	**149.14**
20	**CASH AND CASH EQUIVALENTS**					
	Balance with Scheduled Banks:					
	- Current Accounts	4,280.58	1,377.88	160.66	5.96	37.17
	- Term Deposits(Original Maturity of upto 3 months)	600.00	-	4,901.71	12,648.69*	6,846.51*
	- In Term Deposits (Original maturity of more than 3 months but upto 12 months)	-	27,776.42	18,820.00	-	-
		4,880.58	**29,154.30**	**19,656.72**	**12,654.65**	**6,883.69**
	*Note- For FY 2013-14 and 2012-13 the information regarding maturity period of Term deposits is not separately available.					
21	**Other Current Financial Assets**					
	(Secured, Considered good)					
	Capital Advances					
	- Advances under Mobilization Scheme (Refundable)	**17,821.91**				
	Unsecured, Considered good)					
	- Contractually Reimbursable Expenses					
	from Related Party					
	- National Highways Authority of India (NHAI)	**1,956.68**				
	- Others	8.52				
	Others					
	Interest Accrued but not due on Term Deposits	0.47				
	Interest Receivable on late remittances from Contractors	-				
	Other Advances	**4.22**				
		19,791.79				

22	**OTHER CURRENT ASSETS**					
	Interest accrued but not due on Term Deposits	-	1,432.28	1,194.94	168.20	53.44
	Interest Receivable on late remittances from Contractors	-	88.24	639.08	-	-
	Contractually Reimbursable Expenses to Related Parties: (Refer Note No. 26)	-	-	-	-	-
	National Highways Authority of India (NHAI)	-	1,031.99	960.32		
	Others	-	0.49	1.01		
	Prepaid Expenses	0.27				
		0.27	**2,552.99**	**2,795.35**	**168.20**	**53.44**
23	**SHO RT- TERM LOANS AND ADVANCE**					
	Loans & Advances to related parties:					
	National Highways Authority of India	-	-	-	899.47	728.43
	Loans and Advances to Related Parties	-	-	-	0.59	0.07
	Prepaid Expenses	-	0.43	0.28	0.26	0.13
	Other Loans and Advances	-	5.15	0.49	0.06	17.87
	Balances with Government Authorities:					-
	Income Tax Refundable	-	206.06	205.55	1,301.91	1,060.00
	Advance Income Tax / TDS	-	89.15			
	Less : Provision for Bad and Doubtful loan and advances					(17.87)
		-	**300.79**	**206.32**	**2,202.29**	**1,788.63**

MUMBAI JNPT PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

ANNEXURE-IV
(Rs in Lacs)

Note No.	Particulars	Net Fixed Assets				
		As At 31st March 2017	As At 31st March 2016	As At 31st March 2015	As At 31st March 2014	As At 31st March 2013
13	**FIXED ASSETS**					
	Tangible Assets					
	Data Processing Equipment	0.29	**2.36**	**2.57**	**7**	13.52
	Furniture & Fixtures	0.22	**3.04**	**4.71**	**6**	7.01
	Office Equipment	0.47	**0.19**	**0.43**	**1**	1.06
	Sub-Total	**0.98**	**5.59**	**7.70**	**15.23**	**22.59**
	Intangible Assets					
	Building (Roads and Bridges on land provided by NHAI under concession agreement}	6,357.89	7,339.13	8,323.05	9,304.00	10,811.08
	Building (Roads and Bridges on land provided by NHAI under concession agreement} P-II	9,117.98	10,196.76	11,278.51	12,357.00	14,136.68
	Computer Software	0.73	1.78	2.84	-	-
	Sub-Total	**15,476.59**	**17,537.67**	**19,604.40**	**21,661.58**	**24,947.77**
	Total	**15,477.57**	**17,543.27**	**19,612.10**	**21,676.81**	**24,970.35**
	Previous Year	**17,543.27**	19612.10	21676.81	24,970.35	26,610.62

MUMBAI JNPT PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED PROFIT AND LOSS ACCOUNT

ANNEXURE-V
(Rs. In Lacs)

Note No.	Particulars	As At 31st March 2017	As At 31st March 2016	As At 31st March 2015	As At 31st March 2014	As At 31st March 2013
24	**REVENUE FROM OPERATI NS**					
	Toll Collection Account	9730.39	9558.21	8797.07	8,201.12	8,057.45
		9730.39	**9558.21**	**8797.07**	**8,201.12**	**8,057.45**
25	**OTHER INCOME**					
	Interest Receipts	1,351.51	2,338.88	2,052.56	817.54	457.93
	Sale of Tender Documents		-	7.05		
	Sundry Balances Written back	25.39	2.46	-		
	Other Receipts	1.18	-	646.61	466.48	68.51
	Refund of tender fee	-			-	(75.90)
		1,378.08	**2,341.35**	**2,060.06**	**1,284.02**	**450.54**
26	**EMPLOYEES' BENEFITS EXPENSES**					
	Salary & Wages	31.94	32.58	24.18	19.43	15.17

	Contribution to Provident and Other Funds	0.36	0.63	0.54	-	-
	Staff Welfare					-
	Medical Reimbursement	1.40	0.67	0.51	0.27	0.38
	Staff Welfare	1.14	0.42	0.45	-	-
	Festival expenses	-	-	-	0.04	-
	House Lease Rent	-	-	0.48	2.11	1.84
		34.84	**34.29**	**26.16**	**21.85**	**17.39**
27	**FINANCE COSTS**					
	Interest on Loan / income tax	7.87	5.20	7.28	-	67.61
	Bank Charges / service tax	0.05	0.01		0.02	0.00
		7.92	**5.21**	**7.28**	**0.02**	**67.61**
28	**OTHER EXPENSES**					
	Operation and Maintenance Expenses:					
	- Road Maintenance Expenses	21.01	649.13	646.97	882.58	1363.58
	- Others	18.56	33.08	**28.53**	-	-
	Rent	1.55	2.19	**0.49**	-	-
	Advertisement Expenses	0.08	0.36	7.18	15.80	30.03
	Arbitration and DRB Expenses	-	-	-	0.17	8.05
	Auditor's Remuneration					
	Statutory Audit Fees	-	-	-	1.29	1.29
	Tax Audit Fees	-	-	-	0.22	0.22
	Other Services	-	-	-	-	0.79
	Audit Expenses	-	-	-	1.38	2.53
	Power& Fuel	-	17.84	3.20	2.92	2.71
	Insurance	0.03	0.03	0.14	0.03	0.07
	Legal & Professional Charges	21.43	6.96	6.16	27.84	3.16
	Office Expenses	-	-	-	0.22	0.46
	Postage & Telegrams	0.46	0.60	0.33	0.47	0.34
	Printing & Stationery	1.20	0.84	1.00	0.82	0.58
	Repair & Maintenance	1.85	0.72	0.69	0.10	0.12
	Director's Sitting Fees	1.04	0.29	-	-	-
	Security Expenses	-	-	-	0.98	1.11
	Telephone Expenses	0.91	0.73	0.51	0.23	0.34
	Travelling and Conveyance expenses	12.70	6.18	2.23	1.15	1.80
	Vehicle Hiring Charges	-	-	-	1.07	3.68
	Interest on TDS	-	-	-	0.08	0.06
	Miscellaneous Expense	3.03	1.05	0.78	0.04	-
	Newspaper Reimbursement	-	-	-	0.05	-
	Refreshment Reimbursement	-	-	-	0.11	-
	Provision for doubtful advances	-	-	-	-	17.87
	Sundry Balances Written Off	5.61	0.23	-	-	-
	Assets written off	4.79	-	-	-	-
	Assets of Small Value Charged off	0.43	0.11	0.14		
	Telephone Reimbursement		-	-	0.18	-
	Seminar/ Meetings/Training Expenses	0.56	0.65	-	-	-
	Fees and Taxes		-		-	-
		95.23	**720.99**	**697.86**	**937.74**	**1,438.78**

(Rs.in Lacs)

Note-29	**CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENSE -**	
	Financial Year 2016-17	
a)	Gross amount required to be spent by the Company	151.93

b)	Amount spent by the Company during the year on:			
	Breakup of CSR Expense	**In Cash**	**Yet to be Paid**	**Total**
i)	Construction/Acquisition of any asset			
	Other Purposes	155.68	-	155.68
	Financial Year 2015-16			
a)	Gross amount required to be spent by the Company			113.67
b)	Amount spent by the Company during the year on:			
	Breakup of CSR Expense	**In Cash**	**Yet to be Paid**	**Total**
i)	Construction/Acquisition of any asset			
	Other Purposes	240.00	-	240.00

(Rs. In Lacs)

Note No.	Particulars	As At 31st March 2017	As At 31st March 2016	As At 31st March 2015	As At 31st March 2014	As At 31st March 2013
30	**PRIOR PERIOD ADJUSTMENTS**	-	-	-	1,227.78	22.69
					1,227.78	**22.69**
31	**EARNINGS PER SHARE**					
	Calculation of weighted average number of equity shares of Rs. 10/- each					
	Number of Shares at the Beginning of the Year	148660007	148660007	146050007	146050007	146050007
	Number of Share Issued During the Year	-	-	2610000	-	-
	Number of Shares at the End of the Year	**148660007**	**148660007**	**148660007**	**146050007**	**146050007**
	Weighted Average Number of Equity Shares Outstanding During the Year	148660007	148660007	146142965.90	146050007	146050007
	Net Profit available for Equity Shareholders for Calculation of Basic Earnings Per Share (Rs.in Lacs)	**5,677.08**	**5,781.51**	**7,583.26**	**8,287.45**	**2241.00**
	Basic Earnings Per Share (In Rs.)	**3.82**	**3.89**	**5.19**	**5.67**	**1.53**
	Weighted Average Number of Equity Shares and Dilutive Potential Equity Shares Outstanding During the Year	148660007	148660007	148660007	148660007	148660007
	Net Profit available for Equity Shareholders for Calculation of Diluted Earnings Per Share (Rs.in Lacs)	5,677.08	5,781.51	7,583.26	8,287.45	2241.00
	Diluted Earnings Per Share (In Rs.)	**3.82**	**3.82**	**5.10**	**5.57**	**1.51**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR (FY 2016-17)

Note-1 BACKGROUND

The Company, a SVP of National Highways Authority of India (NHAI), has been set up to develop, establish, construct, operate and maintain a project relating to the construction of the adequate road connectivity to Jawahar Lal Nehru Port Trust (JNPT). A Concession Agreement has been entered on 22.09.2003 between the Mumbai JNPT Port Road Company Ltd and the National Highways Authority of India (NHAI), under which it has conferred the right to the Company to implement the project and levy toll/user charges over the 20 year concession period of Package -I and Memorandum of Understanding (MOU) has been entered on 11.09.2003 between NHAI, Government of State of Maharashtra, JNPT and City & Industrial Development corporation of Maharashtra ltd. (CIDCO) for 22 year concession period of Package-II. Package I and Package II (together known as Phase-I) had become operational in the previous years on 10.08.2005 and 31.12.2008 respectively.

The company has taken up a new project known as Phase-II which comprises of Package I, II, III & IV of 6/8 laning of highways and construction of the new Highways. The contracts for the same have also been awarded during the year and work on which will commence on next year.

Note-2 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The financial statements of the Company have been prepared on a going concern basis in accordance with Indian Accounting Standards (Ind AS) notified under the section 133 of the Companies Act,2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) and other provisions of the Act. These financial statements for the year ended 31 March 2017 are the first financial statements the Company has prepared in accordance with Ind AS. The date of transition to the Ind AS is 01st April, 2015.

Refer note 34 for the details of first time adoption exemptions availed by the Company.

b) Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost convention on accrual basis except for certin financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

All assets and liabilities have been classified as current and non-current according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

c) Use of Estimates

The preparation of financial statements in conformity with Ind AS and generally accepted accounting principles requires management to make judgments , estimates and assumptions that affect the accounting policies and the reported amounts of assets, liabilities , income , expenses and disclosure of contingent assets and liabilities on the date of the Financial Statements and the reported amount of revenues and expenses for the years presented. Differences between actual results and estimates are recognized in the year in which results are known or materialized. Estimates and underlying assumptions are reviewed at each balance sheet date . Any revision to accounting estimates is recognized in accordance with the requirements of the respective accounting standard.

A. Judgements

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Operating lease commitments – Company as lessee

The Company has entered into leasing arrangements wherein the Company is required to pay monthly lease rentals.The Compay has determined, based on an evaluation of the terms and conditions of the arrangements e.g. lease term,lease rental income, fair value of the land, transfer / retention of significant risks and rewards of ownership of land determined the lease as operating leases.

B. Critical Accounting estimates and assumptions

(i) Income Tax

Significant judgement are involved in determining provisions for income taxes and deferred taxes. The policy for the same has been explained under Note 1(m).

(ii) Provisions

Provisions is recognized when the Company has a present obligations as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 1(n).

(iii) Contingent Liabilities

Significant judgment are involved in determining possible obligation that may arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The policy for the same has been explained under Note 1(n).

d) Property, Plant and Equipment

Property, Plant and Equipment (PPE) are stated at cost of acquisition or construction, net of accumulated depreciation and accumulated impairment losses, if any. The cost of tangible asset includes purchase cost (net of rebates and discounts) including any import duties and non-refundable taxes, and any directly attributable costs on making the asset ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. The other repairs and maintenance of revenue nature are charged to Statement of Profit and Loss during the reporting period in which they have incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as at 1st April 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

e) <u>Intangible Assets</u>

Intangible assets acquired separately are measured on initial recognition at cost of acquisition and are stated net of accumulated amortization and accumulated impairment losses, if any. The cost of an intangible asset includes purchase cost (net of rebates and discounts), including any import duties and non-refundable taxes, and any directly attributable costs on making the asset ready for its intended use.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of its intangible assets recognised as at 1st April 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

f) <u>Depreciation and Amortization</u>

<u>Property, Plant and Equipment</u>

Depreciation on Property, Plant and Equipment is provided on straight line method based on the useful life as specified in Part "C" of Schedule II of the Companies Act, 2013.

The estimated useful lives of fixed assets are as follows:

Asset Class	Life in Years
Furniture & Fixtures	10
Office Equipment	5
Data Processing Units	3

<u>Intangible Assets</u>

The toll road under Phase I, Package I is constructed on land granted to the Company under a Concession Agreement for 20 years and Phase I, Package – II is constructed on land granted to the Company under MOU for 22 years. Toll Road Assets have been amortized over the relevant remaining period of Concession, i.e. upto 21.09.2023 for Package-I and upto 10.09.2025 for Package-II from the date of capitalization of the assets.

The estimated useful lives of fixed assets are as follows:

Asset Class	Life in Years
Softwares	3
Toll Roads - Phase I (Package I)	20
Toll Roads - Phase I (Package II)	22

Depreciation is charged on pro-rata basis for Fixed Assets purchased / sold during the year. Individual Fixed Assets costing Rs. 5000/- or less are depreciated in full in the year of purchase.

g) Impairment of Tangible and Intangible Assets

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability when there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss.

Recoverable amount is the higher of fair value less costs of disposal and 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 current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

h) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments (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 recognized immediately in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

i) Financial Assets

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

Financial Assets at Amortised Cost

Financial assets are subsequently measured at amortised cost, unless the asset is designated at fair value through profit or loss under the fair value option, if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate (“EIR”) method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets are measured at fair value through other comprehensive income (OCI), unless the asset is designated at fair value through profit or loss under fair value option, if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

All other financial assets are measured at fair value through profit or loss.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

De-recognition of Financial Assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

ii) Financial Liabilities and Equity Instruments

Debts and Equity Instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method (EIR) or at Fair Value through Profit or Loss (FVTPL).

Financial Liabilities subsequently measured at Amortised Cost

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amount of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. interest expense that is not capitalised as part of costs of an asset is included in "Finance Cost' in the Statement of Profit and Loss.

De-recognition of Financial Liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

i) <u>Revenue Recognition</u>

Revenue from Toll Collection

Revenue from Toll Collection is recognized based on agreed remittance on accrual basis in case of auctioned Toll Plazas or on actual collection upon actual usage of toll road.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Interest Income

Interest income from a financial asset is recognised when it is probabe that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis , by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend Income

Dividend income is recognized when the right to receive the same is established.

j) <u>Borrowing Costs</u>

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets are deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred. Borrowing costs consist of interest, which is computed as per effective interest method, and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

k) <u>Employee Benefits</u>

<u>Short-Term Obligations</u>

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

<u>Other Long-Term Employee Benefit Obligations</u>

In case of persons deputed from CIDCO and Ministry, amount of leave encashment is remitted to the respective Deputing Agency on accrual basis. For persons deputed from NHAI, no expense on account of leave encashment is booked as the same is borne by NHAI.

Post Employment Obligations

Defined Benefit Plans

In all cases of deputation from Ministry/NHAI/CIDCO no provision for Gratuity is required as the same is borne by the respective Deputing Entity.

Defined Contribution Plans

In case of persons deputed from NHAI and CIDCO, Company's share of Employees Provident Fund is remitted to the respective Deputing Entity. For persons deputed from Ministry, no contribution of employer share is required as the same is borne by the respective Ministry.

l) Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning per share, the net profits attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares, unless the effect of potential dilutive equity shares is antidilutive.

m) Taxes on Income

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

Current and Deferred Tax for the Year

Current and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity respectively.

n) Provisions, Contingent Liabilities and Contingent Assets

A provision is created when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount can be made of the amount of the obligation. Provisions are determined based upon management estimates required to settle the obligation at the balance sheet date. If the effect of time value of money is material , provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are not recognized but are disclosed in notes.

Contingent asset is a possible asset that arises from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized but disclosed in the Financial Statements.

o) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases

Operating Lease - As Lessee.

Rental expense from operating leases is recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the period in which such benefits accrue.

p) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short- term deposits with an original maturity of three month or less, which are subject to an insignificant risk of changes in value.

Note 32 CONTINGENT LIABILITIES

(Rs.in Lacs)

Particulars	**As at 31st March, 2017**	**As at 31st March, 2016**
Contingent Liabilities provided in respect of:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)(excluding Taxes)	**201,508.60**	**208,530.25**
(b) Claims against the company not acknowledged as debts. *	**6051.32**	**4,906.63**

*Claims of Rs. 6,051 lacs against the Company, the Company has filed cases in the H,ble High Court of Delhi and in the opinion of the Management Company does not have to pay against these claims.
* Pursuant to the decisions taken by the Cabinet Committee on Economic Affairs (CCEA) for revival of the Construction Sector, the NITI Aayog had issued OM No. 14070/14/2016- PPPAU dated 5th September 2016 titled "Measures to revive the Construction Sector – reg." containing the decisions for implementation by all the concerned Ministries / Departments / PSUs. As per the decision taken by the CCEA, cases where the Arbitration Tribunals have passed orders in favour of the Contractors/ Concessionaires in arbitral proceedings and such awards/ orders have been further challenged by the government agencies in courts of law, all the works executing agencies are required to pay an amount equal to 75% of the total pay-out (i.e. Arbitral Award amount including the interest payable as per such Award, if any) should be released to the Contractors/ Concessionaires against a Bank Guarantee without prejudice to the rights and stand of the Agency and subject to the final order of the court in the matter under challenge. During the year financial year 2016-17, the Company under the guidelines of NHAI for release of 75% against Arbitration Award, has paid out a sum of Rs. 2,478.60 lakhs against bank guarantee of Rs. 2,825.60 lakhs appearing under Non current - other financial assets

Note 33 As per the agreement with NHAI, the establishment and administrative expenses of site office have been apportioned between NHAI and Company in the ratio 3:1.

Particulars	**As at 31st March, 2017**	**As at 31st March, 2016**
Total establishment expenditure of Site Office	105.40	90.50
Less: 75% of expenditure apportioned to NHAI	78.78	67.87
Net Expense for the company	**26.26**	**22.62**

- As per Concession Agreement, it has been agreed that the entire land where Project has been taken up, is leased to the Company at an annual rent of Rs. 1/- for the duration specified therein. Accordingly, liability towards annual lease charges has been provided in the books of accounts.
- All the directors of Company, other than independent directors, are nominees of National Highways Authority of India, the parent organization, Jawaharlal Nehru Port Trust and CIDCO. No payment has been made to them as salary/allowance or otherwise.

Note 34 The Company has not obtained confirmation for credit balances as on 31.03.2017. Old outstanding credit balances aggregating to Rs. 518.98 lakhs needs reconciliation and confirmation. The Company has started to seek confirmations from concerned parties for their outstanding dues and future adjustments and payments will be decided accordingly.

Note 35 Upto 30 April 2016 toll was being collected at toll plazas on auction basis. As per the directive of the Ministry of Road Transport & Highways, Government of India, collection at the existing toll plazas was stopped and the same is now being collected by JNPT at its gate complexes with effet from 1 May 2016. JNPT collects the amount and remits the same to the Company. Revenue is being recognised on accrual basis as per figures duly certified by JNPT.

Note 36 Breakup Of Auditor's Remuneration As (Excluding Service Tax):

Particulars	**As at 31st March, 2017**	**As at 31st March, 2016**
Statutory Audit Fee	1.30	1.15
Tax Audit Fee	0.35	0.35
Reimbursement of Expenses	0.01	-
	1.66	**1.50**

<u>Note 37 Retirement and Other Benefits</u>

Employees Provident Fund

In case of persons deputed from NHAI and CIDCO, Company's share of Employees Provident Fund is remitted to the respective Deputing Entity. For persons deputed from Ministry, no contribution of employer share is required as the same is borne by the respective Ministry.

Particulars	As at 31st March, 2017	As at 31st March, 2016
Employer's Contribution to Employees Provident Fund	1.44	2.54
Less: Recovered from NHAI	1.08	1.90
Net Expense included in Employee Benefits Expenses (Refer Note No. 20)	**0.36**	**0.63**

Leave Encashment

In case of persons deputed from CIDCO and Ministry, amount of leave encashment is remitted to the respective Deputing entity on accrual basis. For persons deputed from NHAI, no expense on account of leave encashment is booked as the same is borne by NHAI.

Particulars	As at 31st March, 2017	As at 31st March, 2016
Leave Encashment	5.92	3.88
Less: Recovered from NHAI	4.44	2.91
Net Expense included in Employee Benefits Expenses (Refer Note No. 20)	1.48	0.97

Gratuity

In all cases of deputation from Ministry/NHAI/CIDCO no provision for Gratuity is required as the same is borne by the respective Deputing Entity.

Note 38 The Company has taken residential premises under cancellable operating lease, normally renewed annually.

(Rs. In Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Rent Paid under operating lease	9.43	9.75
Less: Recovered from Employee	0.59	0.99
Less: Recovered from NHAI	6.63	6.57
Net Expense	2.21	2.19

Note 39 The Company is primarily engaged in the business of constructing, operating and maintaining of Toll Roads for adequate connectivity to JNPT. Hence there is only one business and geographical segment. Accordingly, segment information has not been disclosed. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard on Segment Reporting (IND AS-108), as referred in the Companies (Indian Accounting Standards) Rules, 2015.

Note 40 **Related Party Transactions**

a)

Description of Relationship	Names of Related Parties
Holding Entity	National Highways Authority of India (NHAI)
Associates	Jawaharlal Nehru Port Trust (JNPT)
	City & Industrial Development Corporation (CIDCO)
Fellow Subsidiaries	Chennai Ennore Port Road Company Limited(CEPRCL)
	Calcutta Haldia Port Road company Limited(CHPRCL)
	Cochin Port Road Company Limited(CPRCL)
	Mormugao Port Road Company Limited(MPRCL)
	Moradabad Toll Road Company Limited(MTRCL)
	New Mangalore Port Road Company Limited(NMPRCL)

	Paradip Port Road Company Limited(PPRCL)
	Tuticorin Port Road Company limited(TPRCL)
	Vishakhapatnam Port Road Company Limited(VPRCL)

b) Nature and Volume of Transaction:

Particulars	Holding Entity		Fellow Subsidiaries	
	As at 31st March, 2017	**As at 31st March, 2016**	**As at 31st March, 2017**	**As at 31st March, 2016**
Reimbursement claimed on the Company				
National Highways Authority of India (NHAI)				
Towards Salary of Officials Deputed for the Company	9.10	9.03		
Towards Advertising Expenses				
Towards Rates and Taxes Expenses				
Towards Canteen Expenses	0.03	0.05		
Towards Stationery Expenses				
	9.13	**9.08**		
Reimbursement of Expenses Claimed by the Company				
Expenses borne by Company on behalf of NHAI	78.78	67.87		
Chennai Ennore Port Road Company Limited (CEPRCL)			1.77	0.09
Calcutta Haldia Port Road company Limited (CHPRCL)			1.82	0.09
Cochin Port Road Company Limited (CPRCL)			0.94	0.09
Mormugao Port Road Company Limited (MPRCL)			1.14	0.09
Moradabad Toll Road Company Limited (MTPRCL)			0.30	-
New Mangalore Port Road Company Limited (NMPRCL)			0.92	0.17
Paradip Port Road Company Limited (PPRCL)			0.79	0.10
Tuticorin Port Road Company limited (TPRCL)			1.23	0.09
Vishakhapatnam Port Road Company Limited (VPRCL)			1.58	0.09
			10.49	**0.81**
Reimbursement of Expenses Claimed on the Company				
Moradabad Toll Road Company Limited (MTPRCL)				0.05
Paradip Port Road Company Limited (PPRCL)			1.66	0.04
Calcutta Haldia Port Road company Limited (CHPRCL)			0.53	
			2.19	**0.09**
Other Reimbursement Claimed by the				

Company				
Moradabad Toll Road Company Limited (MTPRCL)				0.05
Paradip Port Road Company Limited (PPRCL)			1.66	0.04
Calcutta Haldia Port Road company Limited (CHPRCL)			0.53	
			2.19	**0.09**
Other Reimbursement Claimed by the Company				
Amount paid by Company on behalf of NHAI	855.00	8.01		
	855.00	**8.01**		
Expenses paid to NHAI				
Concession Fees	0.00001	0.00001		
	0.00001	**0.00001**		
Balance Outstanding Receivables/(Payables):				
National Highways Authority of India (NHAI)	1,956.68	1,031.99		
Chennai Ennore Port Road Company Limited (CEPRCL)			1.77	0.07
Calcutta Haldia Port Road company Limited (CHPRCL)			1.29	0.07
Cochin Port Road Company Limited (CPRCL)			1.01	0.07
Mormugao Port Road Company Limited (MPRCL)			1.21	0.07
Moradabad Toll Road Company Limited (MTPRCL)			0.30	
New Mangalore Port Road Company Limited (NMPRCL)			0.99	0.07
Paradip port Road Company Limited (PPRCL)			(0.87)	(0.00)
Tuticorin Port Road Company limited (TPRCL)			1.23	0.07
Vishakhapatnam Port Road Company Limited (VPRCL)			1.58	0.07
	1,956.68	**1,031.99**	**8.52**	**0.49**

(Rs. In Lacs)

Particulars	**Associates**	
	As at 31st March, 2017	**As at 31st March, 2016**
Toll Collection and Paid to Company		
JawaharLal Nehru Port Trust (JNPT)	8,892.79	-
	8,892.79	-
Balance Outstanding Receivables/(Payables):		
Jawaharlal Nehru Port Trust (JNPT)	1,269	
City & Industrial Development Corporation (CIDCO)	(7.36)	(7.36)
	1,262.13	**(7.36)**

Terms and conditions of transactions with related parties

The dealings from related parties are made on terms equivalent to those that prevail in arm’s length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March

2016: INR Nil). This assessment is undertaken each financial year through examining the

Note 41 First-time adoption of Ind AS

These financial statements, for the year ending 31 March 2017 are the first annual financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of Companies Act 2013 read with paragraph 7 of the Companies (Accounts) rules, 2014 (IGAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's transition date to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the opening Balance Sheet as at 1 April 2015 and the financial statements for the year ended 31 March, 2016.

Exemptions Availed

Ind AS 101 allows first-time adopters certain exemptions from the retrospective applications of certain requirements under Ind AS. The Company has applied the following exemptions:

A. Mandatory exemptions:

a) Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

b) Derecognition of financial assets:

The Company has applied the de-recognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

c) Classification and measurement of financial instruments:

Financial instruments has been classified and measured at amortized cost on the basis of the facts and circumstances that exist at the date of transition to Ind ASs.

d) Impairment of financial assets: (Trade receivables and other financial assets)

The Company has applied the impairment requirement of Ind AS 109 "Financial Instruments" retrospectively; however as permitted by Ind AS 101 " First time adoption of Indian accounting standards", it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instrument were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increase in credit risk since initial recognition, as permitted by Ind AS 101 " First time adoption of Indian accounting standards".

B. Optional exemptions:

a) Deemed cost-Previous GAAP carrying amount (PPE and Intangible):

In accordance with the exemption given in Ind AS 101, the Company has recorded Property plant and equipment and intangible assets at deemed cost i.e. Previous GAAP carrying amount, as on date of transition.

b) Arrangements containing a lease :-

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

I. Reconciliation of Equity

Particulars	As at 31st March, 2016	As at 31st March, 2015
Balance as per previous GAAP	51,359.77	45,578.26
Adjustments		
Balance as per IND AS	**51,359.77**	**45,578.26**

II. Reconciliation of Profit

Particulars	As at 31st March, 2016
Net profit as per previous GAAP	5,781.51
Adjustments	-
Net Profit as per IND AS	**5,781.51**
Adjustments	-
Total Comprehensive Income as per Ind AS	**5,781.51**

III. Reconciliation of Cash Flows

There were no significant reconciliation items between cash flows prepared under previous Indians GAAP and those prepared under Ind AS.

Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31 March 2016

1. No Statement of Comprehensive Income was produced under previous GAAP. Therefore the above reconciliation starts with profit under previous GAAP.
2. Previous GAAP figures have been reclassified to conform to the Ind AS presentations requirement for the purpose of this note.

IV. Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Indian GAAP and as per Ind AS as at 31 March 2016 is as follows:

Particulars	As per Indian GAAP	Ind AS adjustments	As per Ind AS
ASSETS			
Non-current assets			
(i) Property, Plant and Equipment	5.59	-	5.59
(ii) Intangible Assets	17,537.67	-	17,537.67
(iii) Intangible Assets under development	715.09	-	715.09
(iv) Financial Assets			
- Other financial assets	21.83	-	21.83
(vi) Deferred tax assets (net)	2,299.24	-	2,299.24
(v) Non Current Tax Assets	-	-	-
II. Current assets			
(i) Financial assets			
- Trade receivables	394.71	-	394.71
- Cash and cash equivalents	1,377.88	-	1,377.88
- Bank balance other than cash and cash equivalents	27,776.42	-	27,776.42
- Other current financial assets	2,558.14	-	2,558.14
(ii) Current Tax Assets	295.20	-	295.20
(iii) Other Current Assets	0.43	-	0.43
Total Assets	**52,892.20**	-	**52,892.20**

EQUITY AND LIABILITIES			
Equity			
(i) Equity share capital	14,866.00	-	14,866.00
(ii) Other equity	36,493.77	-	36,493.77
LIABILITIES			
I. Non-current liabilities			
(i) Financial liabilities			
- Other financial liabilities	-	-	-
II. Current liabilities			
(i) Financial liabilities			
- Trade payables	96.88	-	96.88
- Other current financial liabilities	1,499.55	-	1,499.55
(ii) Other current liabilities	26.00	-	26.00
Total Equity and Liabilities	**52,982.20**	-	**52,982.20**

V. Reconciliation of the statement of profit and loss prepared as per Indian GAAP and as per Ind AS for the year ended 31 March 2016 is as follows:

(Rs. In Lacs)

Particulars	**As per Indian GAAP**	**Ind AS adjustments**	**As per Ind AS**
Revenue			
Revenue from operations	9,558.21	-	9,558.21
Other income	2,341.35	-	2,341.35
Total Revenue (A)	**11,899.56**	-	**11,899.56**
Expenses:		-	
Employee Benefits Expense	34.29	-	34.29
Finance Costs	5.21	-	5.21
Depreciation and Amortization Expense	2,068.84	-	2,068.84
Other Expenses	720.99	--	720.99
Corporate Social Responsibility Expense	240.00	-	240.00
Total Expenses (B)	**3,069.33**	-	**3,069.33**
Profit before tax for the year	8,830.23	-	8,830.23
Tax expense:			
Current Tax	3,210.50	-	3,210.50
Deferred Tax	(157.73)	-	(157.73)
Tax for earlier years written back	(4.05)	-	(4.05)
Profit/(Loss) for the year (I)	**5,781.51**	-	**5,781.51**
Other Comprehensive Income			
(A) (i)Items that will not be reclassified to Profit and loss	-	-	-
(ii) income tax relating to the item	-	-	-

(B) (i) items that will be classified to the Profit and loss	-	-	-
(ii) Income tax relating to the item	-	-	-
Total Other Comprehensive Income (II)	-	-	-
Total Comprehensive Income for the year (I)+(II)	**5,781.51**	-	**5,781.51**

VI. Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Indian GAAP and as per Ind AS as at 1st April 2015 is as follows:

(Rs. In Lacs)

Particulars	**As per Indian GAAP**	**Ind AS adjustments**	**As per Ind AS**
ASSETS			
Non-current assets			
(i) Property, Plant and Equipment	7.70	-	7.70
(ii) Intangible Assets	19,604.40	-	19,604.40
(iii) Intangible Assets under development	557.89	-	557.89
(iv) Financial Assets			
- Other financial assets	21.83	-	21.83
(vi) Deferred tax assets (net)	3,446.14	-	3,446.14
(v) Non Current Tax Assets	-	-	-
II. Current assets			
(i) Financial assets			
- Trade receivables	569.88	-	569.88
- Cash and cash equivalents	836.72	-	836.72
- Bank balance other than cash and cash equivalents	18,820.00	-	18,820.00
- Other current financial assets	2,795.84	-	2,795.84
(ii) Current Tax Assets	205.55	-	205.55
(iii) Other Current Assets	0.28	-	0.28
Total Assets	**46,886.24**		**46,886.24**
EQUITY AND LIABILITIES			
Equity			
(i) Equity share capital	14,866.00	-	14,866.00
(ii) Other equity	30,712.26	-	30,712.26
LIABILITIES			
I. Non-current liabilities			
(i) Financial liabilities			
- Other financial liabilities	721.08	-	721.08
II. Current liabilities			
(i) Financial liabilities			
- **Trade payables**	177.24	-	177.24
- **Other current financial**	352.44	-	352.44

liabilities			
(ii) Other current liabilities	9.67	-	9.67
(iii) Current tax liabilities	47.54	-	47.54
Total Equity and Liabilities	**46,886.24**	-	**46,886.24**

Note 42 Capital Management

The objective of the Company's capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through operating cash flows generated and the Company does not have any borrowings. The Company is not subject to any externally imposed capital requirements.

Note 43 Events after the reporting period

The Board of Directors of the Company in its meeting held on 17th July 2017 has approved and registered the transfer of 3,58,16,610 equity shares in the name of Jawaharlal Nehru Port Trust (JNPT) as per Share Purchase Agreement executed between National Highways Authority of India, Board of Trustees for the Jawaharlal Nehru Port Trust and Mumbai-JNPT Port Road Company Limited dated 5th May 2017.

As a result of the JNPT has now become holding entity having 51 % of the total equity share capital of the Company.

Note 44 Details of Specified Bank Notes held and transacted during the period 8th November 2016 to 30th December 2016

(Rs. in Lacs)

Particulars	**SBNs**	**Other Denomination notes**	**Total**
Closing Cash in Hand as on 08.11.2016	-	-	-
(+) Permitted Receipts	-	-	-
(-) Permitted Payments	-	-	-
(-) Amount Deposited in Banks	-	-	-
Closing Cash in Hand as on 30.12.2016	-	-	-

Note 45 Approval of Financial Statements

The financial statement were approved for issue by board of directors on 2nd August, 2017.

Note 46 Financial Risk Management Objectives and Policies

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises primarily comprises of interest rate risk and currency risk.

Interest Rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any borrowings hence there is no interest rate risk in respect of financial liabilities. The Company parks its surplus funds in fixed rate bank deposits for a short duration of time. Accordingly there is no interest rate risk on this account.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company is not exposed to foreign exchange risk as the Company does not have any transactions denominated in foreign currency.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade receivables

Customer credit risk is being driven by Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data of credit losses. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the notes. The Company does not hold collateral as security for the year ended 31st March 2017. Trade receivables as on 31 March 2016 and 01 April 2015 were secured by way of bank guarantee. Considering the nature of operations, the Company evaluates the concentration of risk with respect to trade receivables as low.

The management believes that the trade receivables of on 31 March 2017, 31 March 2016 and 1 April 2015 are not subject to any credit risk. Accordingly, no credit losses are being accounted for.

Balances with banks

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 and 31 March 2016 is the carrying amounts of balances with banks.

Liquidity Risk

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's principal sources of liquidity are cash and cash equivalents, investment in bank deposits and cash flow that is generated from operations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	**< 1 year**	**1-5 years**	**>5 years**
As at 31st March, 2017			
- Trade Payable	59.27	-	-

- Other financial liabilities	900.79	624.25	-
As at 31st March, 2016			
- Trade Payable	96.88	-	-
- Other financial liabilities	1,499.55	-	-
As at 31st March, 2015			
- Trade Payable	177.24	-	-
- Other financial liabilities	352.44	721.08	-

Note 47 **Financial Instruments**

Financial Instruments by category

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

(Rs. in Lacs)

Particulars	Level of Fair Valuation	Amortized Costs	Financial Assets / liabilities at fair value through profit or loss	Financial Assets / liabilities at fair value through OCI	Total Carrying value	Total Fair value
Assets						
Non-current Other Financial assets	3	2500.62	-	-	2500.62	2500.62
Trade receivables	3	1,269.50	-	-	1,269.50	1,269.50
Cash and cash equivalent	3	4,880.58	-	-	4,880.58	4,880.58
Bank balance other than cash and cash equivalents	3	-	-	-	-	-
Other current financial assets	3	19,791.79	-	-	19,791.79	19,791.79
Total		**28,442.48**	-	-	**28,442.48**	**28,442.48**
Liabilities						
Other non-current financial liabilities	3	624.25	-	-	624.25	624.25
Trade payables	3	59.27	-	-	59.27	59.27
Other current financial liabilities	3	900.79	-	-	900.79	900.79
Total		**1,584.31**	-	-	**1,584.31**	**1,584.31**

The carrying value and fair value of financial instruments by categories as of March 31, 2016 are as follows:

(Rs. in Lacs)

Particulars	Level of Fair Valuation	Amortized Costs	Financial Assets / liabilities at fair value through profit or loss	Financial Assets / liabilities at fair value through OCI	Total Carrying value	Total Fair value
Assets						
Non-current Other Financial assets	3	21.83	-	-	21.83	21.83
Trade receivables	3	394.71	-	-	394.71	394.71
Cash and cash equivalent	3	1.377.88	-	-	1.377.88	1.377.88
Bank balance other than cash and cash equivalents	3	27,776.42	-	-	27,776.42	27,776.42
Other current financial assets	3	2,558.14	-	-	2,558.14	2,558.14
Total		**32,128.98**	-	-	**32,128.98**	**32,128.98**
Liabilities						

Other non-current financial liabilities	3	-	-	-	-	-
Trade payables	3	96.88	-	-	96.88	96.88
Other current financial liabilities	3	1,499.55	-	-	1,499.55	1,499.55
Total		**1,596.43**	**-**	**-**	**1,596.43**	**1,596.43**

The carrying value and fair value of financial instruments by categories as of April 01, 2015 are as follows:

Particulars	Level of Fair Valuation	Amortized Costs	Financial Assets / liabilities at fair value through profit or loss	Financial Assets / liabilities at fair value through OCI	Total Carrying value	Total Fair value
Assets						
Non-current Other Financial assets	3	21.83	-	-	21.83	21.83
Trade receivables	3	569.88	-	-	394.71	394.71
Cash and cash equivalent	3	836.72	-	-	1.377.88	1.377.88
Bank balance other than cash and cash equivalents	3	18,820.00	-	-	27,776.42	27,776.42
Other current financial assets	3	2,795.84	-	-	2,558.14	2,558.14
Total		**23,044.27**	**-**	**-**	**32,128.98**	**32,128.98**
Liabilities						
Other non-current financial liabilities	3	721.04	-	-	721.04	721.04
Trade payables	3	177.24	-	-	177.24	177.24
Other current financial liabilities	3	352.44	-	-	352.44	352.44
Total		**1,250.76**	**-**	**-**	**1,250.76**	**1,250.76**

Recent Accounting Pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from 1 April 2017.

Amendment to IND AS 7

Ind AS 7 Statement of Cash Flows was issued in February 2015. MCA on March 17, 2017 notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, amending Ind AS 7. The amendments made to Ind AS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments are to be applied prospectively for annual periods beginning on or after April 1, 2017. Earlier application is not permitted. When the amendments are first applied, entities are not required to present comparative information for earlier periods. The Company does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

Amendment to IND AS 102

Ind AS 102 Share based payments was issued in February 2015. MCA on March 17, 2017 notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, amending Ind AS 102. The amendments made to Ind AS 102 covers Measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings and accounting for a modification of a share-based payment from cash-settled to equity-settled. The amendments are to be applied prospectively for annual periods beginning on or after April 1, 2017. Earlier application is not permitted. The Company does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

***Note- Reformatted financial statements for the year ended as on 31 March 2017 have been prepared as per Ind AS and reformatted financial statements for the year ended as on 31 March 2016, 2015, 2014, 2013 have been prepared as per Indian GAAP.**

ANNEXURE-VI

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR (FY 2015-16, 2014-15, 2013-14, 2012-13)

Note-1 BACKGROUND (March 31, 2016)

The Company, a SVP of National Highways Authority of India (NHAI), has been set up to develop, establish, construct, operate and maintain a project relating to the construction of the adequate road connectivity to Jawahar Lal Nehru Port Trust (JNPT). A Concession Agreement has been entered on 22.09.2003 between the Mumbai JNPT Port Road Company Ltd and the National Highways Authority of India (NHAI), under which it has conferred the right to the Company to implement the project and levy toll/user charges over the 20 year concession period of Package -I and Memorandum of Understanding (MOU) has been entered on 11.09.2003 between NHAI, Government of State of Maharashtra, JNPT and City & Industrial Development corporation of Maharashtra ltd. (CIDCO) for 22 year concession period of Package-II. Package I and Package II (together known as Phase-I) had become operational in the previous years on 10.08.2005 and 31.12.2008 respectively.

The company has taken up a new project known as Phase-II which comprises of Package I, II, III & IV of 6/8 laning of highways and construction of the new Highways. The contracts for the same have also been awarded during the year and work on which will commence on next year.

Note-1 BACKGROUND (March 31, 2015)

The Company has been set up to develop, establish, construct, operate and maintain a project relating to the construction of the adequate road connectivity to JNPT. A Concession Agreement has been entered on 22.09.2003 between the Mumbai JNPT Port Road Company Ltd (the Company) and the National Highways Authority of India (NHAI), under which it has conferred the right to the Company to implement the project and levy toll /user charges over the 20 year concession period of Package -I and MOU has been entered on 11.09.2003 between NHAI, Government of State of Maharashtra, Jawahar Lal Nehru Port Trust (JNPT) and City & Industrial Development Corporation of Maharashtra ltd. (CIDCO) for 22 year concession period of Package-II. Package I and Package II had become operational in the previous years on 10.08.2005 and 31.12.2008 respectively. The company had started the feasibility to interconnect Package -I and Package-II and had named the Project as Package-III. The Project consists of construction of interchanges at Amara Marg with NH-4B near Ghavan Phata and NH-4B with SH-54 near JNPT.

Note-1 BACKGROUND (March 31, 2014)

The Company has been set up to develop, establish, construct, operate and maintain a project relating to the construction of the adequate road connectivity to JNPT. A Concession Agreement has been entered on 22.09.2003 between the Mumbai JNPT Port Road Company Ltd (the Company) and the National Highways Authority of India (NHAI), conferred the right to the Company to implement the project and levy toll /user charges over the 20 year concession period of Package -I and MOU has been entered on 11.09.2003 between NHAI, Government of State of Maharashtra, Jawahar Lal Nehru Port Trust (JNPT) and City & Industrial Development Corporation of

Maharashtra ltd. (CIDCO) for 22 year concession period of Package-II. Package I and Package II had become operational in the previous years on 10.08.2005 and 31.12.2008 respectively. The company had started the feasibility to interconnect Package -I and Package-II and had named the Project as Package-III. The Project consists of construction of interchanges at Amara Marg with NH-4B near Ghavan Phata and NH-4B with SH-54 near JNPT.

Note -1 BACKGROUND (March 31, 2013)

The Company has been set up to develop, establish, construct, operate and maintain a project relating to the construction of the adequate road connectivity to JNPT. A Concession Agreement entered between the Mumbai JNPT Port Road Company Ltd (the Company) and the National Highways Authority of India (NHAI), conferred the right to the Company to implement the project and levy toll /user charges over the 20 year concession period after the completion of construction of Package -I and 22 years concession period of Package-II. Package I and Package II had become operational in the previous years on 10.08.2005 and 31.12.2008 respectively. The company had started the feasibility to interconnect Package -I and Package-II and had named the Project as Package-III. The Project consists of construction of interchanges at Amara Marg with NH-4B near Ghavan Phata and NH-4B with SH-54 near JNPT.

Note-2 SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING ((March 31, 2016)

The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), the accounting standards specified under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, and the relevant provisions of the Companies Act, 2013. The Financial Statements have been prepared on accrual basis under the historical cost convention.

For operational convenience, the Project has been divided into two phases i.e. Phase I and Phase II. Phase I consists of Package I and II whereas Phase II consists of Package I, II, III and IV. The expenses related directly to Phase I (Package I and II) have been charged to the Statement of Profit and Loss. The expenses related to Phase II (Package I, II, III and IV) have been shown under Intangible Assets under Development.

The accounting policies adopted in the preparation of Financial Statements are consistent with those of previous year.

BASIS OF ACCOUNTING (March 31, 2015),

The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), the accounting standards specified under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, and the relevant provisions of the Companies Act, 2013. The Financial Statements have been prepared on accrual basis under the historical cost convention.

For operational convenience, the Project has been divided into three phases i.e. Package I, Package II and Package III.The expenses related directly to Package I and II have been charged to the Statement of Profit and Loss. The expenses related to Package III have been shown under Capital work in progress.

The accounting policies adopted in the preparation of Financial Statements are consistent with those of previous year.

BASIS OF ACCOUNTING (March 31, 2014.2013)

The Financial Statements have been prepared under the historical cost convention, on accrual basis of accounting. For operational convenience, the Project has been divided into three phases i.e. Package I, Package II and Package III. The expenses related to Package III have been shown under Capital work in progress. The information required to be furnished by the company in accordance with Part-II of Schedule -VI forming a part of Companies Act ,1956 has been disclosed in statement of Pre-operative

Expenditure and the statement of Profit & Loss, forming a part of accounts.

b) **USE OF ESTIMATES (March 31, 2016, 2015)**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the results of operation during the year. Differences between actual results and estimates are recognised in the year in which results are known or materialised. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

c) **FIXED ASSETS (March 31, 2016)**

Fixed assets are stated at cost less accumulated depreciation/amortization and impairment losses, if any. Cost of fixed asset comprises its purchase price, duties, levies, taxes (net of recoverable taxes) and any directly attributable cost of bringing the assets to its working condition for the intended use.

Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the Statement of Profit and Loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of that asset.

Intangible assets primarily comprise of Toll Road which is a comprehensive asset including Roads, Toll Plazas, Signages, and other allied facilities on way lighting and other fixtures.

Advance paid towards acquisition of fixed assets are disclosed under “Long Term Loans and Advances” and cost of assets not ready for intended use before the year end, are disclosed under “Intangible Assets under Development”.

c) **FIXED ASSETS (March 31, 2015)**

Fixed assets are stated at cost less accumulated depreciation/amortization and impairment losses, if any. Cost of fixed asset comprises its purchase price, duties, levies, taxes (net of recoverable taxes) and any directly attributable cost of bringing the assets to its working condition for the intended use.

Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the Statement of Profit and Loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of that asset.

Intangible assets primarily comprise of Toll Road which is a comprehensive asset including Roads, Toll Plazas, Signages, and other allied facilities on way lighting and other fixtures.

Advance paid towards acquisition of fixed assets are disclosed under “Long Term Loans and Advances” and cost of assets not ready for intended use before the year end, are disclosed under “Capital Work in Progress.”

c) **FIXED ASSETS (March 31, 2014, 2013)**

Fixed assets are stated at their original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets.

The Intangible assets of the Company comprises of Toll Road which is a comprehensive asset including Roads, Toll Plazas, signage’s, and other allied facilities on way, lighting and other fixtures.

d) **DEPRECIATION AND AMORTIZATION (March 31, 2016)**

Tangible Assets

Depreciation on fixed assets, other than the Toll Road Asset, is provided on straight line method based on the useful life as specified in Part "C" of Schedule II of the Companies Act, 2013.

The estimated useful lives of fixed assets are as follows:

Asset Class	Life in years
Furniture & Fixtures	10
Office Equipment	5
Data Processing Units	3

Intangible Assets

Asset Class	Life in years
Softwares	3
Toll Roads - Phase I (Package I)	20
Toll Roads - Phase I (Package II)	22

d) **DEPRECIATION AND AMORTIZATION (March 31, 2015)**

Tangible Assets

Depreciation on fixed assets, other than the Toll Road Asset, is provided in the manner as prescribed Schedule II of the Companies Act, 2013. The Toll road under Package -I is constructed on the land granted to the company under a concession agreement for 20 years and Package-II is constructed on the land granted to the company under MOU for 22 years. Toll Road Assets have been amortised over the relevant remaining period of concession i.e. upto 21.09.2023 for Package-I and upto 10.09.2025 for Package-II from the date of capitalization of assets. The estimated useful lives of fixed assets are as follows:

Asset Class	Life in years
Furniture & Fixtures	10
Office Equipment	5
Data Processing Units	3

Softwares	3
Toll Roads - Phase I (Package I)	20
Toll Roads - Phase I (Package II)	22

Depreciation is charged on pro-rata basis for Fixed Assets purchased / sold during the year.

d) DEPRECIATION (March 31, 2014, 2013)

Depreciation on fixed assets, other than the Toll Road Asset, is provided for on pro-rata basis at the straight line method rates prescribed by Schedule XIV of the Companies Act, 1956.

An item of asset costing Rs.0.05 Lacs or less is charged off to revenue in the year of acquisition / purchase / commission / available for use and such item of asset with written down value of Rs.0.05 Lacs or less as at the beginning of the year is also fully depreciated during the year.

As the toll road under Package – I and Package – II is constructed on land granted to the company under a concession agreement with NHAI for 20 years and 22 years respectively, Toll Road Assets have been amortized over the period of concession, i.e. 20 years and 22 years respectively, on pro-rata basis.

Stationary and other items of consumable nature are written-off in the year of purchase.

e) REVENUE RECOGNITION (March 31, 2016,2015)

Revenue from Toll Collection

Revenue from Toll Collection is recognized based on agreed remittance on accrual basis in case of auctioned Toll Plazas or on actual collection upon actual usage of toll road.

Interest Income

Interest on fixed deposits is recognized using the time proportion method, based on applicable interest rates.

Dividend Income

Dividend income is recognized when the right to receive the same is established.

e) REVENUE RECOGNITION (March 31, 2014,2013)

Revenue from Toll Collection

Revenue from Toll Collection is recognized on actual collection based upon actual usage of toll road or on accrual basis in case of auctioned Toll Plazas.

Interest/ Dividend Income

Interest on fixed deposits is recognized using the time proportion method, based on interest rates implicit in the transaction. Dividend income is recognized when the right to receive the same is established.

f) **RECOGNITION OF INCOME / EXPENDITURE (March 31, 2016,2015)**

All Income and Expenditure is accounted for on accrual basis and provision is made for all known losses and liabilities.

f) EXPENSES (March 31, 2014,2013)

Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

g) BORROWING COSTS (March 31, 2016)

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue in the period in which they are incurred.

g) BORROWING COSTS (March 31, 2015)

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets to the extent they relate to the period till such assets ready for intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

g) BORROWING COSTS (31st March, 2014,2013)

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets, to the extent they relate to the period till such assets are put to use. Other borrowing costs are charged to Profit and Loss Account.

h) EARNING PER SHARE (March 31, 2016, 2015)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning per share, the net profits attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares, if any.

h) **EARNING PER SHARE (31st March, 2014,2013)**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profits attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares, if any.

i) TAXES ON INCOME (March 31, 2016)

Current tax is the tax payable for the period determined in accordance with the provisions of Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, provision is made when the said liabilities are accepted by the Company.

The Company is operating a Toll Road, connecting Mumbai and JNPT. As the Company was covered under section 80IA of the Income Tax Act, 1961, being an infrastructure company, the profits of the company were not taxable. The provision for current tax liability was ascertained on the basis of tax payable under Minimum Alternate Tax (MAT), as per the provisions of section 115 JB of the Income Tax Act, 1961 upto F.Y. 2014-15. From this F.Y. onwards, the company is being covered under the normal provisions of the Income Tax Act, 1961.

In accordance with AS 22 – "Accounting for Taxes on Income", the deferred tax for timing difference between the Taxable Income and Accounting Income for the year is accounted for using the tax rate and the tax laws that have been enacted or substantiality enacted as of the balance sheet date.

Deferred Tax Assets are recognized only to the extent there is a reasonable certainty of realization in future. However, where there is unabsorbed depreciation or carried forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets.

Deferred Tax Assets are revalued at each balance sheet date and written up / down to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

i) TAXATION (March 31, 2015)

Current tax is the tax payable for the period determined in accordance with the provisions of Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, provision is made when the said liabilities are accepted by the Company.

The Company is operating a Toll Road, connecting Mumbai and JNPT. As the Company is covered under section 80IA of the Income Tax Act, 1961, being an infrastructure company, the profits of the company

were not taxable. The provision for current tax liability was ascertained on the basis of tax payable under Minimum Alternate Tax (MAT), as per the provisions of section 115 JB of the Income Tax Act, 1961.
In accordance with AS 22 – "Accounting for Taxes on Income", the deferred tax for timing difference between the Taxable Income and Accounting Income for the year is accounted for using the tax rate and the tax laws that have been enacted or substantiality enacted as of the balance sheet date.
Deferred Tax Assets are recognized only to the extent there is a reasonable certainty of realization in future. However, where there is unabsorbed depreciation or carried forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. No Deferred Tax is recognised on the Temporary differences which reverses during the tax holiday period under section 80IAof the income Tax Act, 1961.Deferred Tax Assets are revalued at each balance sheet date and written up/down to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

i) TAXATION (31st March, 2014, 2013)

The company is operating a toll road, connecting Mumbai and JNPT. As the company is covered under section 80IA of the Income Tax Act 1961, being an infrastructure company, the profits of the company are not taxable. The provision for current tax liability is ascertained on the basis of tax payable under Minimum Alternate Tax (MAT), as per the provisions of section 115 JB of the Income Tax Act, 1961.
The differences that result between the profit calculated for Income Tax purpose and the profit as per the financial statements are identified and thereafter deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and get reversed in another, based on the tax effect of the aggregate amount being considered. Deferred tax assets are not recognised unless there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

j) **IMPAIRMENT OF ASSETS (31st March, 2016, 2015)**

All assets are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified where the carrying amount exceeds the recoverable amount being the higher of net realizable price and value in use.

j) IMPAIRMENT OF ASSETS (31st March, 2014)

All assets are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is charged to the profit & loss account in the year in which an asset is identified.

j) IMPAIRMENT OF ASSETS (31st March,2013)

All assets other than inventories, investments and deferred tax assets are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is charged to the profit & loss account in the year in which an asset is identified.

k) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (31st March, 2016, 2015)

A provision is created when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount can be made of the *amount of the obligation. Provisions are determined based upon management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.*

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are not recognized but are disclosed in notes.

Contingent asset is a possible asset that arises from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognized nor disclosed in the Financial Statements.

k) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT (31st March, 2014,2013)

A provision is created when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount can be made of the amount of the obligation.

Provisions are determined based upon management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

CONTINGENT LIABILITIES

No provision is recognized for liabilities where future outcome cannot be ascertained with reasonable certainty. Such liabilities are treated as contingent and disclosed by way of Notes to the Accounts. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

CONTINGENT ASSETS

Contingent Assets are neither recognized nor disclosed in the financial statements of the company.

l) LEASES (31st March, 2016)

Operating Lease - As Lessee

Lease of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as Operating Lease. Lease expense in respect of Operating Lease is recognized in the Statement of Profit and Loss on straight line basis over the lease term.

MUMBAI JNPT PORT ROAD COMPANY LIMITED
NOTES TO ACCOUNTS FORMING PART OF REFORMATTED STATEMENT FOR THE YEAR ENDING ON 31ST MARCH 2016

Annexure-VI

Note 32 CONTINGENT LIABILITIES

(Rs. in Lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Contingent Liabilities provided in respect of:		

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)(excluding Service Tax)	208,530.23	-
(b) Claims against the company not acknowledged as debts. *	4,906.63	4,906.63
*Claims of Rs. 49.06 Crores against the Company, the Company has filed cases in the H,ble High Court of Delhi and in the opinion of the Management Company does not have to pay against these claims.		

Note 33 As per Notification No. GSR 237(E) [F. No.17/60/2012-CL-V], dated March 31, 2014 amending Schedule II of the Companies Act, 2013 in relation to Intangible Assets (Toll Road) created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Partnership route, depreciation on Intangible Assets (Toll Road) is to be charged in different years, based on the revenue earnings of the year in proportion to Projected Revenue from Intangible Assets till the end of concession period. Management is of the opinion that our Company is not covered under Public Private Partnership and therefore the management of the Company has not considered the changes in the depreciation system, as per the said notification on the Schedule II of the Companied Act, 2013 and consequently the effect of the same on the financial statements of the Company has not been ascertained.

Note 34 As per the agreement with NHAI, the establishment and administrative expenses of site office have been apportioned between NHAI and Company in the ratio 3:1. The total establishment expenditure of site office is Rs. 90,49,643/- out of which Rs. 67,87,242/- has been transferred to NHAI and balance of Rs. 22,62,401/- booked in the Company.

Note 35 The Company has not obtained confirmation for debit and credit balances as on 31.03.2016. Old outstanding credit balances aggregating to Rs. 5.27 Crores needs reconciliation and confirmation. The Company has started to seek confirmations from concerned parties for their outstanding dues and future adjustments and payments will be decided accordingly.

Note 36 All the directors of Company, other than independent directors, are nominees of National Highways Authority of India, the parent organization, Jawaharlal Nehru Port Trust and CIDCO. No payment has been made to them as salary/allowance or otherwise.

Note 37 In the opinion of the Management, assets other than fixed assets and non current investments are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

Note 38 **BREAKUP OF AUDITOR'S REMUNERATION AS (EXCLUDING SERVICE TAX):**

Description	**As at 31st March, 2016**	**As at 31st March, 2015**
Statutory Audit Fee	1.15	1.15
Tax Audit Fee	0.35	0.35
Reimbursement of Expenses	-	0.38

Note 39 During the year the Company has utilised MAT Credit Entitlement of Rs. 13.25 Crores against the Income Tax liability and the balance is shown under Long Term Loans and Advances in the Balance Sheet. (Refer Note 10)

Note 40 **Retirement Benefits**

Employees Provident Fund

In case of persons deputed from NHAI and CIDCO, Company's share of Employees Provident Fund is remitted to the respective Deputing Agency. For persons deputed from Ministry, no contribution of employer share is made as the same is borne by the respective Ministry.

(Rs. in Lacs)

Particulars	**For the year ended 31st March, 2016**	**For the year ended 31st March, 2015**
Employer's Contribution to Employees Provident Fund	2.53	2.15
Less: Recovered from NHAI	1.90	1.61

Net Expense included in Employee Benefits Expenses (Refer Note No. 17)	0.63	0.54

Leave Encashment

In case of persons deputed from CIDCO and Ministry, amount of leave encashment is remitted to the respective Deputing Agency on accrual basis and not on the basis of Actuarial Valuation as required by AS 15 - "Employee Benefits" specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. For persons deputed from NHAI, no expense on account of leave encashment is booked as the same is borne by NHAI.

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Leave Encashment	3.88	1.63
Less: Recovered from NHAI	2.91	1.22
	0.97	0.41

Gratuity

In all cases of deputation from Ministry/NHAI/CIDCO no provision for Gratuity as required by AS 15 - "Employee Benefits" specified under Section 133 of the Companies Act,2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 is made as the same is borne by the respective Deputing Agency.

Note 41 The Company has taken residential premises under cancellable operating lease. The total rent paid during the year is Rs. 975,300/- (P.Y. Rs. 584,400/-) against which an amount of Rs. 99,000/- (P.Y. Rs. 97,600/-) was recovered from employees and an amount of Rs. 657,225/- (P.Y. Rs. 438,300/-) was allocated to NHAI.

Note 42 As per Concession Agreement, it has been agreed that the entire land where Project has been taken up, is leased to the Company at an annual rent of Rs. 1/- for the duration specified therein. Accordingly, liability towards annual lease charges has been provided in the books of accounts.

Note 43 The Company is primarily engaged in the business of constructing, operating and maintaining of Toll Roads for adequate connectivity to JNPT. Hence there is only one business and geographical segment. Accordingly, segment information has not been disclosed. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard on Segment Reporting (AS-17), as referred in the Companies (Accounting Standards) Rules 2006.

Note 44 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

MUMBAI JNPT PORT ROAD COMPANY LIMITED
NOTES TO ACCOUNTS FORMING PART OF REFORMATTED STATEMENT FOR THE YEAR ENDING ON 31ST MARCH 2015

Annexure-VI

Note 32 CONTINGENT LIABILITIES

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Contingent Liabilities provided in respect of:		
(a) Claims against the company not acknowledged as debts.	49.06	187.77

(b) Claims of Rs. 49.06 Crores against the Compnay, the Company has filed cases in the H,ble High Court of Delhi and in the opinion of the Management Company does not have to pay against these claims.

Note 33 As per Notification No. GSR 237(E) [F. No.17/60/2012-CL-V], dated March 31, 2014 amending Schedule II of the Companies Act, 2013 in relation to Intangible Assets (Toll Road) created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Partnership route.

As per the notification, depreciation on Intangible Assets (Toll Road) is to be charged in different years, based on the revenue earnings of the year in proportion to Projected Revenue from Intangible Assets till the end of concession period. Management is of the opinion that our company is not covered under Public Private Partnership. However, we will take the opinion of experts on the subject, So the management of the Company has not considered the changes in the depreciation system, as per the said notification on the Schedule II of the Companied Act, 2013 and consequently the effect of the same on the financial statements of the Company has not been ascertained.

Note 34 As per the agreement with NHAI, the establishment and administrative expenses of site office have been apportioned between NHAI and Company in the ratio 3:1. The total establishment expenditure of site office is Rs. 81,72,316/- out of which Rs. 61,29,240/- has been transferred to NHAI and balance of Rs. 20,43,076/- booked in the company.

Note 35 The Company has not obtained confirmation for debit and credit balances as on 31.03.2015. Old outstanding credit balances aggregating to Rs. 36 Lacs needs reconciliation and confirmation. The Company has started to seek confirmations from concerned parties for their outstanding dues and future adjustments and payments will be decided accordingly.

Note 36 All the directors of Company are nominees of National Highways Authority of India, the parent organization, Jawaharlal Nehru Port Trust and CIDCO.No payment has been made to them as salary/allowance or otherwise.During the year, the Company does not have whole time company secretary as per the applicable provisions. The Board in its meeting dated March 19, 2015 has approved the appointment of Whole Time Company Secretary in the Company. Subsequently process of selection and appointment has been initiated for the appointment.

Note 37 Related Party Transactions:

Description of Relationship	**Names of Related Parties**
Holding Entity	National Highway Authority of India (NHAI)
Associates	JawaharLal Nehru Port Trust (JNPT)
	City & Industrial Development Corporation (CIDCO)
Fellow Subsidiaries	Chennai Ennore Port Road Company Limited(CEPRCL)
	Calcutta Haldia Port Road company Limited(CHPRCL)
	Cochin Port Road Compnay Limited(CPRCL)
	Mormugao Port Road Compnay Limited(MPRCL)
	Moradabad Toll Road Company Limited(MTRCL)
	New Mangalore Port Road Company Limited(NMPRCL)

	Paradip Port Road Company Limited(PPRCL) Tuticorin Port Road Company limited(TPRCL) Vishakhapatnam Port Road Company Limited(VPRCL)

Nature and Volume of Transaction:

(Rs. In Lacs)

Particulars	Holding Entity		Fellow Subsidiaries	
	As At 31st March, 2015	**As At 31st March, 2014**	**As At 31st March, 2015**	**As At 31st March, 2014**
Reimbursement claimed on the Company				
National Highway Authority of India (NHAI)				
Towards Salary of Officials Deputed for the Company	7.11	6.33	-	-
Towards Advertising Expenses	6.72	-	-	-
Towards Rates and Taxes Expenses	0.09	-	-	-
Towards Travelleing Expenses	-	0.25	-	-
Paradip Port Road Company Limited (PPRCL)	-	-	-	-
Towards Stationery Expenses	-	-	0.04	-
	13.92	**6.58**	**0.04**	**-**
Reimbursement of Expenses Claimed by the Company				
Expenses borne by Company on behalf of NHAI	61.29	17.76	-	-
Chennai Ennore Port Road Company Limited (CEPRCL)	-	-	0.19	-
Calcutta Haldia Port Road company Limited (CHPRCL)	-	-	0.16	-
Cochin Port Road Compnay Limited (CPRCL)	-	-	0.15	-
Moradabad Toll Road Company Limited (MTPRCL)	-	-	.01	-
Mormugao Port Road Compnay Limited (MPRCL)	-	-	0.12	-
New Mangalore Port Road Company Limited (NMPRCL)	--	--	0.06	-
Paradip Port Road Company Limited (PPRCL)	-	-	0.09	-
Tuticorin Port Road Company limited (TPRCL)	-	-	0.17	-
Vishakhapatnam Port Road Company Limited	--	--	0.09	-

(VPRCL)				
	61.29	**17.76**	**1.04**	**-**
Balance Outstanding as on 31.03.2015				
Receivables:				
National Highway Authority of India (NHAI)	960.32	899.47	-	
Chennai Ennore Port Road Company Limited (CEPRCL)	-	-	0.19	0.04
Calcutta Haldia Port Road company Limited (CHPRCL)	-	-	0.16	0.04
Cochin Port Road Compnay Limited (CPRCL)	-	-	0.15	0.04
Moradabad Toll Road Company Limited (MTPRCL)	-	-	0.01	0.04
Mormugao Port Road Compnay Limited (MPRCL)	-	-	0.13	0.09
New Mangalore Port Road Company Limited (NMPRCL)	-	-	0.06	0.08
Paradip Port Road Company Limited (PPRCL)	-	-	0.05	0.05
Tuticorin Port Road Company limited (TPRCL)	-	-	0.17	0.08
Vishakhapatnam Port Road Company Limited (VPRCL)	-	-	0.09	0.13
	960.32	**899.47**	**1.01**	**0.59**
Balance Outstanding as on 31.03.2015				
Payables:				
City & Industrial Development Corporation (CIDCO)	7.36	7.36		
	7.36	**7.36**		

Note -38 During the year the Company has taken MAT Credit entitlement for the current year tax of Rs. 12.11 Crores and for previous years of Rs. 8.31 Crores. It has been reflected in the Statement of Profit and Loss as MAT Credit Entitlement and shown under Long Term Loans and Advances in the Balance Sheet.

Note -39 Retirement benefits for employees from Ministry (Govt. of India) and CIDCO, other than employee from NHAI (Holding Entity) is provided on accrual basis. The respective deductions from their salary and the Company's share of contribution is transfered to the corresponding principle employer.

Note-40 As per Concession Agreement, it has been agreed that the entire land where Project has been taken up, is leased to the Company at an annual rent of Rs. 1/- for the duration specified therein. Accordingly, liability towards annual lease charges has been provided in the books of accounts.

Note-41 The Company is engaged in the business of constructing, operating and maintaining of Toll Roads for adequate connectivity to JNPT, which is the only business segment.

Note-42 Pursuant to the Companies Act, 2013 ('The Act') being effective from 1 April 2014 the Company has revised depreciation rates on certain fixed assets as per the useful lives specified in Part 'C' of schedule II of the Act or as per the management's estimate based on internal evaluation. An amount of Rs. 308,694/- (net of deferred tax) has been recognized in the opening balance of retained earnings for the assets where remaining useful lives as prescribed in schedule II was Nil. There is no material impact on the depreciation charge for the Financial Year 2014-15.

Note-43 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

MUMBAI JNPT PORT ROAD COMPANY LIMITED
NOTES TO ACCOUNTS FORMING PART OF REFORMATTED STATEMENT FOR THE YEAR ENDING ON 31ST MARCH 2014

Annexure-VI

Note 32 CONTINGENT LIABILITIES

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Contingent Liabilities provided in respect of:		
(a) Estimated amount of contracts remaining to be executed on capital account (Net of Advances). This amount does not include any element of service tax and any other applicable taxes. Claims against the company not acknowledged as debts.	-	-
Claims against the company not acknowledged as debts	48.97	187.77
(b) Claims of Rs. 48.97 Crores against the Compnay, the Company has filed cases in the H,ble High Court of Delhi and in the opinion of the Management Company does not have to pay against these claims.		

Note 33 As per Notification No. G.S.R. 298(E) [F. No.17/292/2011-CL-V], dated 17.04.2012 in relation to Intangible Assets (Toll Road) created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Partnership route. There has been alteration in schedule XIV of the companies Act, 1956 resulting in change in system of Depreciation on Intangible Assets. As per the amended system, depreciation on Intangible assets is to be charged in different years based on the revenue earnings of the year in proportion to the projected Revenue from Intangible Assets till the end of Concession Period, Management is of the opinion that our company is not covered under Public Private Partnership. However we will take the opinion of experts on the subject, so the management of the company has not considered the changes in the depreciation system, as per the amended Schedule XIV of the companies Act 1956 and consequently the effect of the same on the financial statements of the company has not been ascertained.

Note 34 As per the agreement with NHAI, the establishment and administrative expenses of the site office have been apportioned between NHAI and Company in the ratio 3:1. The total establishment expenses of the site office is 75, 57, 501/- out of which 56,68,130 has been transferred to NHAI and balance of Rs. 18,89, 371 booked in the company.

Note 35 The company has not obtained the confirmation for debit and credit balances as on 31.03. 2014. Old outstanding credit entries aggregating the Rs. 196.15 lakhs, needs reconciliation and confirmation.

Note 36 All the directors of the company are nominees of National Highways Authority of India, the parent organisation, Jawaharlal Nehru Port Trust and CIDCO. No payment has been made to them as salary/ allowance or otherwise. During the year, the company does not have whole time company secretary as per the applicable provisions.

Note 37 In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realised in the ordinary course of business would not be less than the amount mentioned.

Note 38 Foreign Currency Transactions

Particulars	**31st March 2014**	**31st March 2013**
Income of Foreign Currency	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil

Note 39 Related Party Transactions

Description of Relationship	**Names of Related Parties**
Associates	National Highway Authority of India (NHAI Jwaharlal Nehru Port Trust (JNPT) City & Industrial Development Corporation (CIDCO) Chennai Ennore Port Road Company Limited(CEPRCL) Calcutta Haldia Port Road company Limited(CHPRCL) Cochin Port Road Compnay Limited(CPRCL) Mormugao Port Road Compnay Limited(MPRCL) Moradabad Toll Road Company Limited(MTRCL) New Mangalore Port Road Company Limited(NMPRCL) Paradip Port Road Company Limited(PPRCL) Tuticorin Port Road Company limited(TPRCL) Vishakhapatnam Port Road Company Limited(VPRCL)

Details of Related Party Transactions during the year ended 31st March 2014 and balances outstanding as at 31st March 2014

(Rs. In Lacs)

Particulars	**Associates**	
	As at 31st March 2014	**As at 31st March 2013**
Reimbursement claimed by NHAI		

Towards salary of NHAI official deputed for MJPRCL	6.33	3.74
Towards Travelling expenses	0.26	-
	6.58	3.74
Reimbursement claimed by MJRPCL		
Expenses borne by company on behalf of NHAI	177.62	320.11

Note 40 During the year the Company has taken MAT credit entitlement for the current year tax of Rs. 83, 104, 661/- and for the previous years of Rs. 284, 600, 121/-. It has been reflected in the statement of Profit & Loss as MAT credit entitlement and shown under Long Term Loans and Advances in the Balance sheet.

Note 41

Retirement benefits for employees from Ministry (Govt of India) and CIDCO, other than employee from NHAI (Parent Company) is provided on accrual basis. The liability on actuarial valuation is not worked out as required in AS-15 “Employee Benefits” issued by Institute of Chartered Accountants of India in the financial statements of employers.

Note 42

As per concession agreement, it has been agreed that the entire land where project has been taken up will be leased to the SPV at an annual rent of Rs 1/- for the duration specified therein. Accordingly, liability towards annual lease charges has been provided in the books of accounts.

Note 43

The company is engaged in the business of constructing, operating and maintaining of Toll Roads for adequate connectivity to JNPT, which is only business segment.

Note 44 The company has not received any confirmation from its vendors/service providers regarding the outstanding balance as on last date of the year under audit.

Note 45 Previous year’s figures have been regrouped/ reclassified wherever necessary to correspond with the current year’s classification/disclosure.

MUMBAI JNPT PORT ROAD COMPANY LIMITED
NOTES TO ACCOUNTS FORMING PART OF REFORMATTED STATEMENT FOR THE YEAR ENDING ON 31ST MARCH 2013
Annexure-VI

Note 32 CONTINGENT LIABILITIES

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Contingent Liabilities provided in respect of:		
(a) Estimated amount of contracts remaining to be executed on capital account	-	-
Claims against the company not acknowledged as debts	187.77	-

(b) Claims of Rs. 48.97 Crores against the Company, the Company has filed cases in the H,ble High Court of Delhi for a total claim of Rs. 48.97 crores against various parties.

Note 33 As per Notification No. G.S.R. 298(E) [F. No.17/292/2011-CL-V], dated 17.04.2012 in relation to Intangible Assets (Toll Road) created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Partnership route. There has been alteration in schedule XIV of the companies Act, 1956 resulting in change in system of Depreciation on Intangible Assets. As per the amended system, depreciation on Intangible assets is to be charged in different years based on the revenue earnings of the year in proportion to the projected Revenue from Intangible Assets till the end of Concession Period, Management is of the opinion that our company is not covered under Public Private Partnership. However we will take the opinion of experts on the subject,

so the management of the company has not considered the changes in the depreciation system, as per the amended Schedule XIV of the companies Act 1956 and consequently the effect of the same on the financial statements of the company has not been ascertained.

Note 34 The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

Note 35 All the directors of the company are nominees of Highways Authority of India, the parent organisation, Jawaharlal Nehru Port Trust and CIDCO. No payment has been made to them as salary/ allowance or otherwise. During the year, the company does not have whole time company secretary as per the applicable provisions.

Note 36 In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realised in the ordinary course of business would not be less than the amount mentioned.

Note 37 Foreign Currency Transactions

Particulars	31st March 2013	31st March 2012
Income of Foreign Currency	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil

Note 38 Related Party Transactions

Description of Relationship	Names of Related Parties
Associates	National Highway Authority of India (NHAI Jwaharlal Nehru Port Trust (JNPT) City & Industrial Development Corporation (CIDCO) Chennai Ennore Port Road Company Limited(CEPRCL) Calcutta Haldia Port Road company Limited(CHPRCL)

	Cochin Port Road Compnay Limited(CPRCL) Mormugao Port Road Compnay Limited(MPRCL) Moradabad Toll Road Company Limited(MTRCL) New Mangalore Port Road Company Limited(NMPRCL) Paradip Port Road Company Limited(PPRCL) Tuticorin Port Road Company limited(TPRCL) Vishakhapatnam Port Road Company Limited(VPRCL)

(b) **Details of Related Party Transactions during the year ended 31st March 2013 and balances outstanding as at 31st March 2013**

(Rs. In Lacs)

Particulars	**Associates**
Loans Taken	
Unsecured loan	
Opening balance	2858.18
Amount Repaid	2858.18
Balance outstanding	-
Interest on above loan	
Opening balance	332.38
Interest Repaid	393.23
Interest during the year	60.85
Balance outstanding	-

Note-39 Retirement benefits for employees from Ministry (Govt of India) and CIDCO, other than employee from NHAI (Parent Company) is provided on accrual basis. The liability on actuarial valuation is not worked out as required in AS-15 “Employee Benefits” issued by Institute of Chartered Accountants of India in the financial statements of employers.

Note- 40 As per concession agreement, it has been agreed that the entire land where project has been taken up will be leased to the SPV at an annual rent of Rs 1/- for the duration specified therein. Accordingly, liability towards annual lease charges has been provided in the books of accounts.

Note-41 The company is engaged in the business of constructing, operating and maintaining of Toll Roads for adequate connectivity to JNPT, which is only business segment.

Note- 42 Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

Annexure-VII

Statement of Accounting Ratios

PARTICULARS		2017	2016	2015	2014	2013
Earning per share Basic		3.82	3.89	5.19	5.67	1.53
Earning per share Diluted		3.82	3.89	5.10	5.57	1.51
Return on net worth (%)		9.95%	11.26%	16.64%	21.96%	7.61%
Net asset value per equity share (`)		38.37	34.55	30.66	25.84	20.16
Weighted average number of equity shares outstanding during the year / period (in crore)		14.86	14.86	14.63	14.60	14.60
Total number of share outstanding at the end of the year / period (in crore)		14.86	14.86	14.86	14.60	14.60
Debt Equity Ratio		0.03	0.06	0.06	0.11	0.15

Notes:

The ratios have been computed as below:

Earning per Share (`) = Profit after tax / Number of equity shares at the end of the year.

Return on net worth (%) = Profit after tax / Net Worth at the end of the year.

Net asset value per equity share (Rs.) = Net worth at the end of the year / Number of equity shares outstanding at the end of the year.

Debt equity = Total Debt outstanding at the end of the year / Net worth at the end of the year.*

Networth for the purpose of calculation of debt equity ratio includes share application money pending allotment.

MUMBAI-JNPT PORT ROAD COMPANY LIMITED
***ANNEXURE* -VIII**

Qualification/Emphasis of Matter paragraph to Auditors' Reports:

Year ending March 31, 2017

Emphasis of Matters

We draw attention to the following matters-

1. Note 27 of the Financial Statement which describes that with effect from May 01,2016 toll collection at the toll plaza is stopped and toll is now being collected at JNPT gate complexes as per the directives of Ministry of Road Transport & Highways, Government of India.
2. Note 26 of the Financial Statements which describes that the company has not obtained confirmation for credit balances as on 31.03.2017. Old outstanding credit balances aggregating to Rs. 518.98lacs needs reconciliation and confirmation.
3. Note 29 of the Financial Statements which describes that the policy followed by the company with respect to 'Retirements and Other Benefits' in respect of persons deputed from Parent and Other Entities. Our opinion is not qualified in respect of these matters.

Year ending March 31, 2016

Basis of qualified opinion

Reference is drawn to Note no. 1 (d) and 22 in the Financial statements explaining the basis of amortization calculated by the Management. Further Management contends that Notification No. GSR 237 (E) [F. No. 17/60/2012-CL-V] dated March 31, 2014 amending Schedule II of the Companies Act, 2013 does not apply to the operations of the Company. Based on this evaluation, Management has not accounted for any adjustments that might arise if it were to change the method or basis of amortisation as prescribed by the amendment in the notification related to intangible assets. Accordingly, we are unable to evaluate the impact, if any, of the above on the financial Statements of the Company.

Emphasis of Matters

We draw attention to the following matters-

1. Note 24 to the Financial Statements which describes that the company has not obtained confirmation for debit and credit balances as on 31.03.2016. Old outstanding credit balances aggregating to Rs. 5.27 crores needs reconciliation and confirmation.
2. Note 30 to the Financial Statements which describes that the company has accounted for liability on retirements benefits' in accordance with AS-15 "Employee Benefits" specified under section 133 of the Companies Act, 2013 read with Rule 7 of the companies (Accounts) Rules,2014. Our opinion is not qualified in respect of these matters.

Year ending March 31, 2015

Basis of Qualified Opinion

Reference is drawn to Note No. 1(d) and 23 in the Financial Statements explaining the basis of amortization calculated by the Management. Further Management contends that Notification No. GSR 237 (E) [F. No. 17/60/2012-

CL-V] dated March 31, 2014 amending Schedule II of the Companies Act, 2013 does not apply to the operations of the Company. Based on this evaluation, Management has not accounted for any adjustments that might arise if it were to change the method or basis of amortisation as prescribed by the amendment in the notification related to intangible assets. Accordingly, we are unable to evaluate the impact, if any, of the above on the financial Statements of the Company.

Year ending March 31, 2014

Basis for Qualified Opinion

Reference is drawn to Note No. 1.11 (c) and No. 24 in the Financial Statements explaining the basis of depreciation calculated by management. Further management contends that notification No. G.S.R. 298 (E) [F. No. 17129212011, CL-V), Dated17.04.2012 amending Schedule XIV of the Companies Act 1956 does not apply to the operations of the Company. Based on this evaluation, management has not accounted for any adjustments that might arise if it were to change the method or basis of depreciation as prescribed by the amendment in the notification related to intangible assets. Accordingly, we are unable to evaluate the impact, if any, of the above on the Financial Statements of the Company.

Matter of Emphasis

We further draw attention to Note no. 10 to the financial statement with respect to adjustment of additional depreciation of Rs. 122,610,629/- for prior period.During the year the company has taken the MAT credit entitlement of Rs. 83,104,661/- for the current year and Rs. 284,600,121/- for the previous years (Refer Note. No. 31).

Without qualifying our opinion, we draw attention to **Note No. 31** to the financial statements. The company has not accounted for retirement benefits to employees based on actuarial valuation, as required under AS-15 "Accounting for Employee Benefits". The effect of the same on financial statement could not be ascertained.

Year ending March 31, 2013

Basis for Qualified Opinion

Reference is drawn to Note No. 1.11 (c) and No. 25 in the Financial Statements explaining the basis of depreciation calculated by management. Further management contends that notification No. G.S.R. 298 (E) [F. No. 17129212011, CL-V), Dated17.04.2012 amending Schedule XIV of the Companies Act 1956 does not apply to the operations of the Company. Based on this evaluation, management has not accounted for any adjustments that might arise if it were to change the method or basis of depreciation as prescribed by the amendment in the notification related to intangible assets. Accordingly, we are unable to evaluate the impact, if any, of the above on the Financial Statements of the Company.

Emphasis on Matter

Without qualifying our opinion, we draw attention to Note No. 31 to the financial statements. The company has not accounted for retirement benefits to employees based on actuarial valuation, as required under AS-15 "Accounting for Employee Benefits". The effect of the same on financial statement could not be ascertained.

We further draw attention to Note 6 to the financial statement with respect to recognition of deferred tax liability during the year.

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF NEW MANGALORE PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), IN THE FINANCIAL YEAR 2018-2019 ("ISSUE").

1. We have read the reformatted financial information of **New Mangalore Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Bharatmala Bonds /Auditor/2018-19 dated September 6, 2018 in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2017, 2016, 2015, 2014 and 2013, which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2016-17	SPSA & Co.
2015-16	SPSA & Co.
2014-15	S.P. Marwaha & Co.
2013-14	S.P. Marwaha & Co.
2012-13	S.P. Marwaha & Co.

We have placed reliance on the audit reports of these auditors for the respective years.

2. Management's Responsibility

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted

financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Schedule III of the Companies Act, 2013.

3. Auditor's Responsibility

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013,and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. Financial Information as per Audited Financial Statements

We have read the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2013 to 31st March, 2017 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Schedule III of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2017. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013.

v. The extraordinary items have been adequately disclosed separately in the Statement of

Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 which are reproduced in Annexure VIII.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, adjustments of amounts pertaining to mathematical accuracy and adjustment of amounts arising out of auditor's qualifications.

6. Other Reformatted Financial Information of the Company:

At the company's request we have read the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner
Membership No- 098358

Date: 25 September 2018
Place: Ghaziabad

NEW MANGALORE PORT ROAD COMPANY LTD.

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

Annexure I

(Rs.In Lacs)

		Note No.	As at 31st,March,2017	Asat31st,March,2016	As at 31st,March,2015	As at 31st,March,2014	As at 31st,March,2013
I.	**EQUITY AND LIABILITIES**						
1.	**SHAREHOLDER'S FUND**						
	(a) Share Capital	2	1,33,58.00	1,18,61.00	7,860.00	78,60.00	78,60.00
	(b)Reserves & Surplus	3	(9752.36)	(8,034.89)	(3,847.55)	(926.24)	(73.61)
	(c) Share Application Money		-	-	-	-	-
2.	**NON CURRENT LIABILITIES**						
	(a) Long Term Borrowings	4	35,566.92	3,26,97.70	26,826.87	2,09,81.88	1,65,39.76
3.	**CURRENT LIABILITIES**						
	(a) TradePayables	5	1,092.55	1,676.14	1,482.89	122.94	-
	(b) Other Current Liabilities	6	445.98	1,181.12	4296.81	43,99.92	41,12.22
	(c) Short TermProvisions	7	-	-	-	-	1.13
	Total		40,711.08	39,381.07	36,619.02	32,438.49	28,439.51
II.	**ASSETS**						
1.	**NON CURRENT ASSETS**						
	(a) Fixed Assets						
	(i) Intangible Assets	1	26,736.96	28,260.20	29,504.41	28,637.72	
	(ii) Tangible Assets	1	3.27	3.57	3.78	3.24	4.32
	(ii) Capital Work in Progress	8	5,825.70	3,694.85	2,323.91	1,049.53	27,299.30
	(b) Loans &Advances	9	0.13	0.13	0.13	2.73	1.23
2.	**CURRENTASSETS**						
	(a) Trade Receivables	10	4,549.23	1,281.98	742.52	210.60	
	(b) Cash and Cash Equivalents	11	221.00	3,955.23	2632.48	1,009.14	9.32
	(c) Short Term Loans &Advances	12	33,74.75	2,184.89	1411.58	1525.22	1,119.53
	(d) Other Current Assets	13	0.05	0.22	0.22	0.31	5.81
	(e) Miscellaneous Expenditure			-			
	Total		40,711.08	39,381.07	36,619.02	32,438.49	28,439.51

NEW MANGALORE PORT ROAD COMPANY LTD.
REFORMATTED STATEMENT OF PROFIT & LOSS

Annexure-II
(Rs. In Lacs)

	Particulars	**Note No.**	**For the year ended 31st March 2017**	**For the year ended 31st March 2016**	**For the year ended 31st March 2015**	**For the year ended 31st March 2014**	**For the year ended 31st March 2013**
I.	Revenue from Operations	14	3,259.02	1,290.07	742.43	210.60	
II.	Other Income	15	77.97	106.64	110.26	56.97	
III.	**Total Revenue**		3336.99	1396.71	852.69	267.57	
IV.	**EXPENDITURE**						
	a) Employees' Benefits Expenses	16	9.38	9.27	7.45	3.15	
	b) Finance Costs	17	3,188.03	2,842.03	2,319.55	632.59	
	c) Depreciation and Amortisation Expenses		1,483.21	1,476.65	1,374.55	438.74	
	d) Other Expenses	18	371.32	1255.93	71.96	45.73	2.99
	Total Expenses		50,51.93	5583.88	3773.51	1,120.21	2.99
	Profit before Prior Period items, Exceptional and Extraordinary Items and Tax		(1,714.93)	(4,187.17)	(2920.82)	(852.63)	(2.99)
	Prior Period Items		(2.53)	(0.17)	(1.03)		(69.48)
	Profit before Exceptional Extraordinary items and Tax						
	Exceptional Items						
V.	**Profit / (Loss) before taxation**		(1,717.46)	(4187.34)	(2,921.85)	(852.63)	(72.47)
	Tax Expenses						
	Current Tax						(1.13)
	Deferred Tax Liability						
VI.	**Net Profit / (Loss) after taxation**		(1,717.46)	(4187.34)	(2,921.85)	(852.63)	(73.60)
VII.	**Earnings per equity share:**						
	Equity Share of par value of Rs. 10/- each						
	(1) Basic		(1.29)	(3.53)	(3.72)	(1.08)	(0.09)
	(2) Diluted		(1.29)	(3.53)	(3.72)	(1.08)	(0.09)

See accompanying notes to the financial statements

In terms of our report of even date attached

NEW MANGALORE PORT ROAD CO. LTD.

REFORMATTED CASH FLOW STATEMENT

Annexure-III
(Rs. In Lacs)

Particulars	**For the year ending 31 March, 2017**	**For the year ending 31 March, 2016**	**For the year ending 31 March, 2015**	**For the year ending 31 March, 2014**	**For the year ending 31 March, 2013**
A. Cash flow from operating activities	-	-	-	-	-
Net Profit / (Loss) before extraordinary items and tax	-1,714.93	-4,187.17	-2921.84	-852.63	-2.99
Adjustments for:	-	-	-	-	-
Prior Period Adjustment	-2.53	-0.17	-	-	-11.31
Depreciation &Amortisation	1,483.21	1,476.65	1374.55	438.74	1.97
Short Term Provisions	-	-	-	-1.13	-3.21
Loss on sale of assets	-	-	-	0.21	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Operating Profit/(loss) before working capital changes	1,480.68	1,476.48	1374.55	-	-12.55
	-	-	-	-	-
Adjustment for (Increase)/decrease in operating assets/liabilities	-	-	-531.92	-	-
Trade Receivables	-3,267.25	-539.46	-	-210.60	-
Short-term loans and advances	-1,189.86	-773.31	113.64	-4,000.18	-30.71
Long-term loans and advances	-	-	2.60	-1.50	-0.70
Other current assets	0.17	0.00	0.09	0.00	0.01
Trade payables	-583.59	193.25	1265.31	122.94	-
Other current liabilities and provisions	-735.15	-3,115.69	-8.46	287.70	1,158.35
Other payables	-	-	-	-	-
	-	-	-	-	-
Net cash flow from / (used in) operating activities (A)	-6,009.94	-6,945.90	-706.04	616.46	1,110.27
	-	-	-	-	-
B. Cash flow from investing activities	-	-	-	-	-
Capital expenditure on fixed assets, including capital advances	40.34	-232.23	-2241.24	-29,075.62	-1.37
(Increase)/Decrease in capital work in progress-	-2,130.85	-1,370.94	-1274.38	26,249.77	-3,169.70
Sale of fixed assets				0.03	
(Increase)/ Decrease in short term Loans and advance	-	-	-	-	-
(Increase)/ Decrease in long term Loans and advance	-	-	-	-	-
(Increase)/Decrease in other current assets	-	-	-	-	-
Increase/(decrease) in trade payables	-	-	-	-	-
Increase/(Decrease) in liabilities and provisions	-	-	-	-	-
Net cash flow from / (used in) investing activities (B)	-2,090.51	-1,603.18	-3515.62	-2,825.83	-3,171.07
	-	-	-	-	-
C. Cash flow from financing activities	-	-	-	-	-
Proceeds from issue of Equity shares	1,497.00	4,001.00	-	-	-
Proceeds from long-term borrowings	2,869.22	5,870.83	5844.99	4,442.11	2,053.42
Repayment of other short-term borrowings	-	-	-	-	-
Increase in Misc. Expenditure	-	-	-	-	-
	-	-	-	-	-
Net cash flow from / (used in) financing activities (C)	4,366.22	9,871.83	5844.99	4,442.11	2,053.42
	-	-	-	-	-
Net increase / (decrease) in Cash and cash equivalents (A+B+	-3,734.23	1,322.75	1623.34	999.82	-7.38
	-	-	-	-	-
Cash and cash equivalents at the beginning of the year	3,955.23	2,632.48	1009.14	9.32	16.69
	-	-	-	-	-
Cash and cash equivalents at the end of the year	221.00	3,955.23	2632.48	1,009.14	9.32

NEW MANGALORE PORT ROAD CO. LTD.

NOTES TO ACCOUNTS FORMING PART OF REFORMATTED ASSETS AND LIABILITIES

NOTE –1SCHEDULE OF FIXED ASSETS ANNEXED TO AND FORMING PART OF REFORMATTED ASSETS AND LIABILITIES

Annexure-IV

(Rs. In Lacs)

Particulars	**NET BLOCK**				
	As at 31.03.2017	**As at 31.03.2016**	**As at 31.03.2015**	**As at 31.03.2014**	**As at 31.03.2013**
INTANGIBLE ASSETS					
TOLL ROAD	26,736.96	28,260.20	29,504.41	28,637.72	-
Sub-Total	26,736.96	28,260.20	29,504.41	28,637.72	-
TANGIBLE ASSETS					
AIR CONDITIONER	0.03	0.03	0.03	0.26	0.29
COMPUTER & EDP EQUIPMENTS	0.65	0.78	0.80	0.08	1.99
FURNITURE & FIXTURE	1.76	2.08	2.19	1.71	1.09
OFFICE EQUIPMENTS	0.84	0.69	0.76	1.19	0.95
Sub-Total	3.27	3.57	3.78	3.24	4.32
TOTAL (Rs.)	26,740.23	28,263.77	29,508.19	28,640.96	4.32
PREVIOUS YEAR (Rs.)	28,263.77	29,508.19	28,640.96	4.32	4.91

NEW MANGALORE PORT ROAD COMPANY LTD.
NOTES TO ACCOUNTS FORMING PART OF REFORMATTED ASSETS AND LIABILITIES

Annexure-IV

PARTICULARS	As At 31.03.2017	As At 31.03.2016	As At 31.03.2015	As At 31.03.2014	As At 31.03.2013
Note 2					
SHARE CAPITAL					
Authtorised Share Capital	1,46,00.00	1,46,00.00	78,60.00	78,60.00	78,60.00
	1,46,00.00	1,46,00.00	78,60.00	78,60.00	78,60.00
Issued, Subscribed and Paid up	1,33,58.00	1,18,61.00	78,60.00	78,60.00	78,60.00
	1,33,58.00	1,18,61.00	78,60.00	78,60.00	78,60.00

Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2017		As at 31.3.2016		Asat31.3.2015		Asat31.3.2014		As at31.3.20113	
	No.of Shares	(Amount inLacs)	No. of Shares	(Amount inLacs)	No. of Shares	(Amount inLacs)	No. of Shares	(Amount inLacs)	No. ofShares	(Amountin
At the beginning oftheYear	1186.10	11861.00	786.00	7,860.00	786.00	7,860.00	786.00	7,860.00	786.00	7,860.00
Fresh issue of shares duringtheyear	149.70	1497.00	400.10	4001.00	-	-	--	-	-	-
Outstanding at the end of theyear	**1335.80**	**13358.00**	**1186.10**	**11861.00**	**786.00**	**7,860.00**	**786.00**	**7,860.00**	**786.00**	**7,860.00**

Particulars of equity share holders holding more than 5% of the total number of equity share capital :

Name of Shareholder	As at 31.3.2017		As at 31.3.2016		As at 31.3.2015		As at 31.3.2014		As at 31.3.2013	
	No. of Sharesheld	% of Holding	No. of Shares held	% of Holding	Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of holding
National Highway Authority of India	1039.3	78%	989.60	83%	589.50	75%	589.50	75%	589.5	75%
New Mangalore Port Trust	296.5	22%	196.50	17%	196.50	25%	196.50	25%	196.50	25%

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2014	AS AT 31.03.2013

Note 3

RESERVES & SURPLUS

Opening Balance	(8,034.89)	3,847.55	(926.24)	(73.61)	-
Profit/(Loss) for the year	(1,717.46)	(4187.34)	(2,921.85)	(852.63)	(73.61)
Adjustments relating to Fixed Assets / Depreciation			0.53		
Surplus – Closing balance	(9752.36)	(8,034.89)	3,847.55	(926.24)	(73.61)

Note 4

LONG TERM BORROWINGS UNSECURED LOANS

National Highways Authority of India	35,566.92	32,697.70	26,826.87	20981.88	16,539.76
	35,566.92	32,697.70	26,826.87	20981.88	16,539.76

Note 5

TRADE PAYABLES

Trade Payables	1,092.55	1,676.14	1482.89	122.94	-
	1,092.55	1,676.14	1482.89	122.94	-

Note 6

OTHER LIABILITIES

Share application money pending allotment		-	4001.00	4001.00	2945.00
Expense Payable	9.79	16.35	7.34	11.52	12.61
Statutory Dues Payable	424.39	364.28	282.58	287.28	365.89
Other Payable				95.7	781.44
Advance deposit taken against work	-				7.28
EMD & Bid Security	3.13	0.35	0.05	0.03	
T.R. Chadha & Co.	0.05	0.07	0.05		
Goldfinch hotels Pvt. Ltd.			0.48		
Audit fee u/s 92E payable		0.18	0.18		
Secretarial Audit fee payable	0.26				
Tax Audit Fees payable	0.37	0.37	0.21		
FBT Payable			0.01	0.01	
Dr. Amarnadha Prasad		2.12	1.31		
Venus Computer System	0.21	0.01			
Paradip Port Road Company Ltd.	1.7	0.04	0.04		
Advance Maintenance (MSEZ)	0.83	0.83	0.83	1.04	
Mumbai JNPT port road company ltd.	0.99		0.06		
Calcutta Haldia port road company ltd.	0.53				
CALA		793.3			
Advance rent MSEZ	3.72	3.23	2.66	3.33	
	445.98	1181.12	4296.81	4399.92	4112.22

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2014	AS AT 31.03.2013
Note 7					
SHORT TERM PROVISIONS					
Income Tax	-	-	-	-	1.13
Provision for FBT	-	-	-	-	
	-	-	-	-	1.13
Note 8					
CAPITAL WORK IN PROGRESS					
- Capital Work in Progress (Opening Balance)	3694.9	2323.91	1049.53	27299.3	23,041.17
- Additions in CWIP (ROB)	470.84	1187.78	1267.96	1049.53	
Additions in CWIP (SURATHKAL)	-	-0.8	0.8		
Additions in CWIP (BRAHMARKOTLU)			5.62		
CWIP – Service Road Without Land Acquisition	1660	183.96			
- Interest On Loan (NHAI)	-			1340.87	4542.25
Un-allocated Pre-Operative Expenditure				21.41	-284.11
Addition in CWIP during the year upto Dec. 4, 2013				496.85	
Professional Charges Received				-135.89	
Less : capitalized during the year				-29022.54	
	5825.74	3694.85	2323.91	1049.53	27299.31
Note 9					
LONG TERM LOANS ADVANCES					
Security Deposits	0.13	0.13	0.13	2.73	1.23
	0.13	0.13	0.13	2.73	1.23
Note 10					
TRADE RECEIVABLES					
Unsecured Considered Good					
Debts due for period exceeding Six monts		-	396.01		
Other Debts					
- Considered Good		1281.98	346.51	210.60	
Other Debts					
(a) Toll receivable from NHAI	4,471.67				
(b) Md. Usman - Surathkal Toll	45.48				
(c) M/s Inderdeep Construction Co.	(0.55)				
(d) M/s Riddhi Siddhi Associates - Brhamarakotlu Toll	32.62				
(e) Other Receivable	-				
	4549.23	1,281.98	742.52	210.60	-
Note 11					
CASH AND CASH EQUIVALENTS					
Cash Balance in hand	0.10	0.09	0.05	0.02	0.05
Balances in Bank					
Balance with Scheduled Banks					
in Current Account with Canara Bank (H.O.)	2.44	3.33	0.49	0.11	2.25
in Current Account with Canara Bank (Site Office)	212.31	35.43	14.39	45.51	7.01
in Current Account with Syndicate Bank (Bh.)	0.01	0.03	2617.55	963.50	
in Current Account with Syndicate Bank (Su.)	0.02	8.74			
in Current Account with Canara Bank, H.O. (Equity Contribution)	6.11				
Deposits with banks		3,907.60			
	221	3,955.23	2,632.48	1,009.14	9.32

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2014	AS AT 31.03.2013
Note 12					
SHORT TERM LOANS ADVANCES					
Ircon International Limited(Mate Advance)	0.47	2.65	0.00	5.31	0.90
Advance Income Tax					1.40
Advance to Creditors (Mobilisa Advance)	0.00	-	0.00	315.36	
Other Advances Recoverable - NHA	3157.35	1,964.35	1172.36	1153.61	1114.63
Other Advances	6.80	7.60	17.48	6.06	1.62
Income Tax Refund	5.72	5.72	5.72	5.72	
FBT Refund	0.00	0.10	0.11	0.11	
Income tax Refund AY 13-14	0.96	0.96	0.96	0.96	
TDS-Receivables AY 2013-14					0.64
TDS-Receivables AY 2014-15	0.52	0.52	22.66	19.98	
TDS-Receivables AY 2015-16	13.82	13.82	13.48	0.00	
TDS Receivables AY 2016-17	10.37	10.37	0	0.00	
TDS Receivables AY 2017-18	6.88	-	0.00	0.00	
Advance Income Tax - 2014-15	13.37	13.37	13.37	11.17	
Advance against ROB work (South Railways)	158.49	165.43	165.43	6.94	
Prepaid Expenses					0.34
	3374.75	2184.89	1411.58	1525.22	1119.53

Note 13

OTHER CURRENT ASSETS					
Prepaid expenses	0.05	0.22	0.22	0.31	5.71
Income Tax recoverable					
FBT recoverable					
	0.05	0.22	0.22	0.31	5.71

NOTE 14 : REVENUE FROM OPERATIONS					
Toll Revenue	3,259.02	1,290.07	742.43	210.60	
	3,259.02	1,290.07	742.43	210.60	

NOTE 15 : OTHER INCOME					
Interest Received from Banks	57.23	92.84	107.48	55.52	
Maintenance Charges(MSEZ)	2.48	2.49	2.69	1.45	
Other Income - Penalty	0.90	0.00	0.08		
Interest on toll receipts	0.00	0.01			
Interest on I.Tax Refund AY 2014-15	0.00	2.16			
Misc. Receipts	6.73	0.02			
Rent-Land &Building(MSEZ)	10.63	9.12			
	77.97	106.64	110.26	56.97	0.00

NOTE 16 : EMPLOYEES BENEFIT EXPENSES					
Salary & Wages					
Salaries & Wages	9.10	9.03	7.28	2.7	
Contribution to PF/ Pension	-	-	0.02	0.08	
Leave Salary Contribution-Deputationist			-	0.11	
Other Staff Welfare Expenses					
Office Expenses	0.20	0.10			
Other Staff Welfare Expenses	-	0.13	0.11	0.07	
Rent for license/residence fees	0.03	0.14	0.03	0.14	
Medical Re-imbursement				0.04	
	9.38	9.27	7.45	3.15	

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2014	AS AT 31.03.2013
NOTE 17 : FINANCE COSTS					
Interest on Loan from NHAI	3,188.03	2,842.03	2,319.55	632.59	
less: proportionate expenses trd. To Capital Work in Progress upto 4th December, 2013			1340.87		
	3,188.03	2,842.03	2,319.55	632.59	

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2014	AS AT 31.03.2013
NOTE 18 : OTHER EXPENSES					
(a) Audit Expenses					
Statutory Audit Fee	1.15	1.15	1.15	1.15	0.85
- ICFR Audit Fee	0.15	-			
- Tax Audit Fee	0.35	0.35	0.20		
- Audit Fee U/s 92E	-	0.17	0.19		
- Secretarial Audit Fee	0.25	-			
- Service Tax on above	0.29	0.24	0.19	0.14	0.11
- Reimbursement of Travelling Exp	1.09	1.25	1.51	1.18	0.82
Audit fees for Bonds Issue					0.84
(b) Other Expenses	-	-			
Publications, Books & Newspapers	0.02	0.03	0.02	0.01	
Electricity and Water Charges	-	0.00	0.06	0.07	
Insurance	0.05	0.06	0.10	0.05	
Internal Audit Fees	0.99	0.99	0.99	0.99	
Legal & Professional Charges	5.89	19.53	10.95	9.77	
Filing Fees	0.56	57.91	0.02	0.11	0.08
Postage & Courier Charges	0.02	0.01	1.06	0.12	
Telephone & Telex	0.07	0.06	0.06	0.07	
Printing & Stationery	0.55	0.34	0.22	0.16	
Rent (Office Building & Others)	0.02	-	0.33	0.32	
Repair & Maintenance	1.29	0.34	0.35	0.30	
Republic & Independence Day Celebration Expenses	-	0.01			
Short Term Improvement & Routine Maintenance	342.16	1,104.73	42.42	28.33	
Security Charges	-		0.37	0.37	
Stamp Duty Fee	-	10.11			
Travelling & Conveyance Expenses	1.38	1.75	1.71	0.95	
Entertainment Expenses	-	0.01	0.01	0.02	
Advertisement expenses	1.27	5.13	1.13	0.14	
Misc. Expenses	-	0.17	0.05	0.01	
Balances Written off	0.10	-			
Bank Charges	-	0.21	0.02		
Manpower Hiring Expenses	2.79	7.04	9.80	1.27	
Service Tax Under RCM	0.73	9.77			
Interest on Service Tax	0.02	2.59			
Gifts & Presents	0.06	0.03			
Directors Sitting Fee	0.40	0.25			
Consultancy charges	3.79	23.28			
DRB & Arbitration expenses	3.78	8.42			
SLAO Establishment Expenses	2.05	-			
Membership fees			0.01		
Loss om sale of assets				0.21	
Compounding fee					0.30
	371.32	1255.93	71.96	45.73	2.99

ANNEXURE-VI

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, (2017, 2016, 2015, 2014, 2013)

Note – 1

I. Background of the company

New Mangalore Port Road Co. Ltd. is a subsidiary of National Highways Authority of India. The company was incorporated on 19-01-2004 and has been set up to develop, establish, construct and maintain a project relating to the construction, operation and maintenance of the New Mangalore Port connectivity project under the "Build-Operate-Transfer" (EOT) Basis. A concession Agreement between the Company and the National Highways Authority of India (NHAI) will confer the right to the Company to implement the project and levy toll/user charges over the concession period after completion of construction. The project was capitalised and transferred to fixed assets w.e.f 5th December,2013 and the tollcollection started from that date onwards.

II. SIGNIFICANT ACCOUNTING POLICIES

For year ended 2017, 2016, 2015, 2014 and 2013

a) Basis of Accounting

The financial statements are prepared under the historical cost convention on accrual basis of accounting to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 and the relevant provisions thereof.

b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future 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 / materialise.

c) Project in progress

Project under Construction and other Capital Work in progress are carried at cost Administration & General Overhead Expenses directly attributable to construction of Fixed Asset are identified and allocated on systematic basis on immovable asset other than land on completion of the project.

d) Cash and Cash Equivalents

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

e) Cash FlowStatement

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

f) Revenue Recognition

Toll revenue is recognised on accrual basis. Interest and other income are recognised on accrual basis.

g) Fixed assets

Tangible assets

Fixed assets, other than project assets, are stated at their original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets.

Intangible assets

The substantial fixed assets of the company, inthe form of Toll Road was capitalized w.e.f 05.12.2013.

h) Depreciation

For year ended 2017

Depreciation on fixed assets (other than toll road) is provided on the Straight Line Method using rates prescribed by Schedule II to the Companies Act, 2013. Considering the applicability of Schedule II, the management has re-estimated residual values of all Its fixed assets & have taken useful lives of its fixed assets as prescribed by Schedule II to the Companies Act. 2013. The management believes that depreciation rates currently used fairly reflect its estimates of the useful lives and residual values of fixed assets.Toll Road Assets is amortised on pro-rata basis over the relevant remaining concession period after the date of completion of the project. Toll road was capitalized from 5th December 2013 and for amortization the period of 30 years is taken from 31st March 2005 (i.e. the date of concession agreement). Amortization period from 5th December, 2013 is 7,786 days and balance amortization period as on 31st March, 2017 is 6,575 days.

For year ended 2016

Depreciation on fixed assets (other than toll road) is provided on the Straight Line Method using rates prescribed by Schedule II to the Companies Act, 2013. Considering the applicability of Schedule II, the management has re-estimated residual values of all Its fixed assets & have taken useful lives of its fixed assets as prescribed by Schedule II to the Companies Act. 2013. The management believes that depreciation rates currently used fairly reflect its estimates of the useful lives and residual values of fixed assets.

For year ended 2015

Depreciation on fixed assets (other than toll road) is provided on the Straight Line Method using rates prescribed by Schedule II to the Companies Act, 2013. Till the year ended 31st March,2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. Considering the applicability of Schedule II, the management has re-estimated residual values of all Its fixed assets & have taken useful lives of its fixed assets as prescribed by Schedule II to the Companies Act. 2013. The management believes that depreciation rates currently used fairly reflect its estimates of the useful lives and residual values of fixed assets. Toll Road Assets is amortised on pro-rata basis over the relevant remaining concession period after the date of completion of the project.

For year ended 2014

Depreciation on fixed assets (other than project assets) is provided on the straight-line method using rates prescribed by Schedule XIV to the Companies Act, 1956. Toll Road Assets is amortised on pro-rata basis over the relevant remaining concession period after the date of completion of the project.

For year ended 2013

Depreciation on fixed assets (other than project assets) is provided on the straight-line method using rates prescribed by Schedule XIV to the Companies Act, 1956.

i) Investments (**For year ended 2017, 2016, 2015, and 2014)**

Investments, if any, is valued at lower of cost or market value.

j) Borrowing cost

Borrowing costs attributable to the assets during construction are capitalised, if any. Other borrowing costs are recognised as expense in the period in which they are incurred.

k) Provisions and Contingencies

A provision is recognised when the Company has a present obligation 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. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

l) Financial Statements: Presentation and disclosures (**For year ended 31st March, 2014**)

During the year ended 31st March 2012, the revised schedule VI, notified under The Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

m) Taxes on Income (**For year ended 31st March, 2013**)

Current tax represents the amount that would be payable based on computation of tax as per prevailing taxation laws under Income Tax Act 1961.

Deferred tax is recognized on timing differences, being the differences between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as an reporting date. Deferred tax liabilities are recognized for all time differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that is reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

Since there is no timing difference between the taxable income and accounting income that originates in one period and are capable of reversing in one or more subsequent period, therefore, no deferred tax is recognized in books.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st **MARCH, 2017**

1. Operations

Company has started loll collection w.e.f. 05.12,2013. Expenditure incurred in connection with the project has been capitalised in Toll Road Account & shown as Intangible Assets in Fixed Assets. Toll collected during the year has been directly deposited in CFI (Consolidated Fund of India) which is receivable by the company and shown as Trade Receivables

2. Related party disclosure

Name of the related party:	Relation
National Highways Authority of India Holiday/Parent body	
Shri.Niraj Verma	Chairman
Shri. Sanjay Kumar Patel	Director
Shri. Suresh PrabhakarShirwadkarDirector	
Smt. Nivedita Srivastava	Director
Shri. AK Sharma	Director
Shri. Sanjay SwarupKapur	Director
Shri. Satish Chandra	Ex-Chairman
Shri. M.R. Hedaoo	Ex-Director
Associate companies:	Mumbai-JNPT Port Road Co. Ltd.
Paradip Port Road Co. Ltd.	
CalcattaHaldia Port Road Co. Ltd.	

The details of transactions between Company and related party as prescribed by the Accounting Standard as given below:

Particulars	**Holding/Parent Body**	**Key Managerial Personnel**	**Associate Companies**
Unsecured Loan	-	-	-
Interest on Unsecured Loan	31,88,02,544	-	-
Repayment of Loan	-	-	_
Advance Recoverable	-	-	-
Reimbursement of Expenses	-	-	3,17,785
Sitting Fee	-	40,000	_
Total	31,88,02,544	**40,000**	3,17,785

3. Earning Per Share

The elements considered in calculating of Earning Per share (Basic and Diluted) are as under

Particulars	31st March, 2017	31st March, 2016
Net Profit/Loss after tax used as numerator	(17,17,46,365)	(41,87,34,306)
Weighted average numbers of equity shares used as Denominator	13,35,80,000	11,86,10,000
Earning per **Share** (Basic & Diluted)	(1.29)	(3.53)

Face Value Per Share	10	10

4. Payment to Auditor

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Statutory Audit Fee	1,15,000	1,15,000
1CFR Audit Fee	15,000	-
Tax Audit Fee	35,000	35,000
Audit Fee U/s 92b	-	16,900
Secretarial Audit Fee	25,000	-
Service Tax on above	29,250	24,286
Out of Pocket Expenses/Re-imbursement of expenses related to above	1,09,425	1,24,627
Total	3,28,675	3,15,813

5. Note on Demonetisation

Details of Specified Bank Notes (SB Ns) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:-

Particulars	**SBNs**	**Other Denomination notes**	**Total**
Closing cash in hand as on November 8, 2016	**-**	**5,974**	**5,974**
(+) Permitted receipts	-	70,000	70,000
(-) Permitted payments	-	(65,746)	(65,746)
(-) Amount deposited in Banks	-	-	-
Closing cash in hand **as on December 30, 2016**	**-**	**10,228**	**10,228**

6. **Non-Appointment of** Company Secretary

As per section' 203 of Companies Act 2013 every listed Company and every public company having paid up share capital of rupees Five crore or more shall have whole-time Company Secretary in employment. Company Has not appointed Company Secretary till date.

7. Apportionment **of Establishment** &**Administrative** Expenses

As per arrangement with NHA1, the Establishment & Administrative expenses of Site office (P1U) has been apportioned between NHAI and New Mangalore Port Road Company Ltd. in the ratio of **3:1.** The Establishment & Administrative expenses amounting (unlike tree cutting and other pre construction costs which is borne by NHAI to the extent of 100% amount incurred) to Rs.19,40,524/- (Previous year Rs,8,08,323/-) has been shared by NHAI.

8. **Current Assets**

In the opinion of Board of Directors all the Current Assets, loans and advances have been shown at realisable value in the ordinary course of business.

9. **Deferred Tax**

In the absence of virtual certainty of sufficient future taxable income, credit for deferred tax is not recognised as a matter of prudence in compliance with Accounting Standard – 22.

10. Provision for Current Income-Tax

In view of losses, no provision for Income Tax is required to be made.

11. Contingent Liabilities/ Commitments

A. Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc. amounting to Rs.145.73 crores (previous year Rs.143.38 crores)

Particular	Amount	Remarks
MFA No.8348/20 16 Dispute **No.** 3	4,20,19,374/- plus applicable interest	Award passed by the City Civil Court .Bangalore & case is filed before High Court of Karnataka
AS. 123/20**16** Dispute No. 4,5 & 6	Rs. 10,51,22,757/- plus applicable interest	Pending at City Civil Court, Bangalore
Dispute *No*, 9 to 11	Rs.3,21,22,591/- plus applicable interest	DRB Passed the Order on 23.03.2017 & case will be filed before Arbitration Court.
Dispute No. 7,8 & 12	Rs.1,27,80,65,184/-	Pending Before DRB Court
Total	**Rs.145,73,29,906/-**	

B. **Interest on** Enhanced Compensation **to** Land Losers

Company is liable to pay the enhanced compensation along **with** interest as per Award passed by the City Civil Court, Mangalore for Rs.4,45,61,457/- (interest calculated upto 31.12.2016) and Rs.45,34,714/- (Interest calculated 10.2.2017) as shown under Sundry Creditors **(SLAO-Port** Connectivity).Company could not able to release the compensation due to scarcity of fund at Site office till 15.05.2017 which may lead to further i interest liability till payment.

12. **The** details **of** variations in **BOO & Non-BOO** items pending for approval **as follows:**

Party	**Work**	**Total variations (Rs.)**	**Variation pending for approval (Rs.)**	**Variation no. pending for approval**
M/s. Rajdeep Buifdcon Pvt. Ltd.	ROB/RUB Work	10,20,10,414	1,54,06,953	**VO.No.10B**
M/s.RPP Infra Pvt. Ltd	**Improvem**ent & Widening of Service Road	2,55,48,049	1,27,97,149	**VO.No.1.1** to **1.30**
M/s. Sohams Foundation Engineering Pvt Ltd.	Slope Protection **Work**	-1659538	-1659538	**VO. No. l &2**
		9,27,825	9,27,825	**VO.No.3&4**

13. **Advances** to Arbitrators

Company has released advances to Arbitrators as per Arbitral Tribunal order for meeting fee & expenses of arbitration meeting. Award for the Arbitral Tribunal -1 is passed on 24.03.2015 and Award for the Arbitral Tribunal-2 passed on 24.04.2016. As on 31.03.2017 balance of advance after adjusting fee & expenses not refunded by the Arbitrator as follows:

1. Shri. J.C. Shah- -Rs.2,36,607/-
2. Shri. I.J. Mamtani—Rs.1,66,434/- (Rs.96324/- received on 5.04.2017)
3. Shri. D.S. Sachdev—Rs.2,47,118/-

14. Company had released Rs. 1,58,49,261/ to Southern Railway , Karnakulnm towards fabrication , supply & placing of temporary girder for box pushing works in RUB at Km. 344-345 on NH-48.But, as per instruction of Railways' work is executed through M/s Rajdeep Build Con Pvt Ltd. and so far Railways not refunded the

advance amount of Rs.1,58,49,261/-.

15. The Toll Agent of Brahmarakotlu Toll Plaza M/s. fnderdeep Construction Company has been paying 50% of agreed toll amounts since 26,01.2015 invoking “Force Majeure" clause due to drop in toll collection as major traffic passing through Brahmarakotlu Toll Plaza has been diverted **through** diversion routes and also state administration has notified such diversion .Total claim lodged by the agency by invoking "Force Majeure" for **the** period 30.1,2015 to 9.08.2015 is Rs.2,28,89,535/- and Force **Majeure** amount approved by the Competent Authority is RS. 1,37,46,26 4/-,Balance amount of Rs.91,43,271/- is recovered from the agency (Rs.48,67,571/- directly paid by the agency and accounted during the FY.2015-16) and Rs.42,75,700/- adjusted with performance security & transferred to CF1 Account on 28.01.20 ! 7 but not booked during the FY.2015-16. During the FY.2016-17 of Rs.42, 75,700/-is accounted under toll revenue.

16. The Toll Agent of Brahmarakotlu Toll Plaza has short remitted the toll for the period from 20.12,2015 to 20.12.2016 for Rs.15,84-, 701/- .This amount is recovered along with penalty of Rs.89,651/- and TCS of Rs.31,694/- by adjusting the Performance Bank Guarantee at RO- Bangalore and Rs.16,74,352/- **(Rs.l5,84,701 + Rs.89,651/-)** is transferred to CF1 account on 9.02.2017 by **RO-Bangalore.** The short **remittance** and penalty amount accounted during the FY.2016-17.

17. Company has made provision of Rs.53,**45,500/-** under the head "Short Term Improvement ft Routine maintenance work" (M/s.] MC Constructions **Pvt.** Ltd.) for the 1.09.2016 to 31.10.2016 and Rs.70,**55,**914/- under the head "CWIP-Civil Works (ROB)” M/s. Rajdeep Buildcon Pvt. Ltd for the period from 1.01.2017 to 31.03.2017.Final certification of these bills is yet to be received from Supervision Consultant M/s Feedback Infra Pvt Ltd. which was being submitted to them in 12th April, 2017.

18. Toll tender awarded to M/s Riddhi Siddhi Associates has been rescinded by mutual consent w.e.f 10th Day of March, 2017 upto 8:00 Hrs, and no penalty has been imposed on them as a result of this rescission which led NMPRCL to award the tender to Mr. Md. Usman at reduced daily income of Rs.35,844/- totaling a loss of Rs.7,76,739/- upto 31.3.17.

19. M/s RPP Infra Projects Ltd. has been awarded tender of Improving & Widening of Service Road without having additional land acquisition of which the original total project cost was Rs.25,68,00,000/- (Revised cost Rs.28,23,00,000/-) has been supervised by site engineer solely. It is recommended to appoint 3rd party' consultants for such material amount of Contract.

20. The details of pending EOT is as follows:-

Party	**Work**	**EOT period pending for approval**	**Remarks**
M/s. Rajdeep Build con Pvt. Ltd.	ROB/RUB Work	Consolidated EOT from 1.06.2015 to 31.05.2017	NHA1, HQ, New Delhi has requested to submit the consolidated EOT for the period 1.06.2015 to 31,05.2017 ft it is under scrutiny by the Independent Engineer,
M/s.RPP Infra Pvt. Ltd	Improvement & Widening of Service Road	18.08.2016 to 31.08.2017	Approval Pending at RO-Bangalore
M/s, Sohams Foundation Engineering Pvt. Ltd.	Slope Protection Work	8.07.2016 to 31,10.2016	Approval Pending at RO-Bangalore
M/s. Feedback Infra Pvt. Ltd.	Independent Engine (ROB/RUB project)	Consolidated EOT from 1.07.2015 to 30.04.2017	.1, HQ, New Delhi has requested to submit

			consolidated EOT for the period 1.07-2015 to 30,04,2017 & it is under scrutiny in PILJ office.

21. There was a provision done on 27th February, 2015 of Rs.22,1)8,59,039/- which was not certified and a sum of Rs. 1,99,79,443/- was not .approved against the same provision which is reversed in current year from the Toll road account as against the treatment done in FY 201 5- 16.

22. There has been an allotment of shares of worth Rs,14,97,00,000 and no stamp duty has been paid on allotment of such shares.

23. No provision has been made or considered necessary pursuant, to AS 15 of ICAI for Gratuity, Leave Encashment and other Retiremental Benefits to staff of NHAI deployed with the company as the same are provided by NHAI.

24. Interest paid to NHAI on unsecured loan for the period from 01.04.2016 to 31.03.2017, is charged to Profit & Loss Account.

25. There is no specific agreement of loan from NHAI specifying the terms & conditions of loan. The loan given by NHAI is a subordinate debt The rate of interest charged on the basis of approval of the competent authority of NHAI.

26. Based on the information available with management, the Company does not owe any dues to any enterprise covered under the Micro, Small and Medium Enterprises Development Act, 2006.

27. There is no separate reportable segment as per Accounting Standard AS-17.

28. Paise have been rounded off to the nearest rupee.

29. Previous year's figures have been regrouped / reclassified / rearranged wherever necessary to correspond with the current year's classification / disclosure.

NEW MANGALORE PORT ROAD COMPANY LIMITED
Notes forming part of the financial statements for theyear ending 31st March 2016

OTHER EXPLANATORY NOTES TO ACCOUNTS

1. Company has started toll collection w.e.f. 05,12.2013. Expenditure incurred in connection with the project has been capitalised in Toll Road Account & shown as Intangible Assets in Fixed Assets. Toll collected during the year has been directly deposited in CFI (Consolidated Fund of India) which is receivable by the company and shown as Trade Receivables.

2. Related Party Disclosure

<u>Name of the Related Party;</u>
National Highways Authority of India- Holding/Parent Body
<u>Key Management Personnel:</u>
Shri.Niraj Verma - Chairman
Shri. Sanjay Kumar Patel - Director

Shri.Lalit Kumar Joshi - Director
Shri. Manohar Ramchandra Hedaoo - Director
Smt. Nivedita Srivastava - Director
Shri. AK Sharma – Ex Director
Shri. Satish Chandra – Ex Chairman

Associate Companies Mumbai-JNPT Port Road **Co.** Ltd.
Paradip Port Road Co. Ltd

The details of transactions between Company and related party as prescribed by the Accounting Standard as given below:

Particulars	**Holding/Parent Body**	**Key Managerial Personnel**	**Associate Companies**
Unsecured Loan	40,53,00,000.00	-	-
Interest on Unsecured Loan	25,57,82,766.00	-	-
Repayment of Loan	[74,000,000 00)	-	-
Advance Recoverable	-	-	-
Reimbursement of Expenses	-	-	11,159.00
Sitting Fee	-	25,000.00	-
Total	**58,70,82,766.00**	25,000.00	**11,159.00**

3. Earning Per Share

Particulars	31st March, 2016	31st March, 2015
Net Profit/Loss after tax used as numerator	(418,734,307)	(292,184,441)
Weighted average number s of equity shares used a denominator	1,186,100,000	78,600,000
Earning per Share [Basic & Diluted)	(0.35)	(3.72)
Face Value Per Share	10	10

4. Payment To Auditor

Particulars	for the year ended 31st March, 2016	for the year ended 31st March, 2015
Statutory Audit Fees	115000	115000
Tax Audit Fees	35000	35000
Others - Service Tax	21750	18540
Total	171750	168.54

5. Share Application Money

Share application money from NHA1 stands at Rs. 400,100,000/- under Current Liabilities at the beginning of the year by the reason of insufficient Authorized Capital in previous year for issuance of Shares against said amount Thus, the company increased its Authorized Capital from Rs. 78,60,00,000/- to Rs. 146,00,00.000/- on 29th May 2015 to suffice the issuance of Shares for pending Share Application money. The company has alloted shares to NHAI on 29th May 2015 against the application money received. No terms & conditions regarding issue and allotment were specified, thus company has issued 4,00,10,000 shares at Rs. 10/- per share. Further, NHAI has agreed to forgo the interest and thus interest and penalty on above has not been provided.

6. Non-Appointment of Company Secretary

As per section 203 of Companies Act 2013 every listed Company and every public company having paid up share capital of rupees Five crore or more shall have whole-time Company Secretary in employment. Company Has not appointed company Secretary till date.

7. As per arrangement with NHAI, the Establishment & Administrative expenses of Site office (PIU) has been apportioned between NHAI and New Mangalore Port Road Company Ltd. in the ration of 3:1. The Establishment & Administrative expenses amounting to Rs.8,08,323/- (Previous year Rs.10,93,090/-) has been shared by NHAI.

8. **Current Assets**

In the opinion of Board of Directors all the Current Assets, loans and advances have been shown at realisable value in the ordinary course of business.

9. **Deferred Tax**

In the absence of virtual certainty of sufficient future taxable income, credit for deferred tax is not recognised as a matter of prudence in compliance with Accounting Standard - 22.

10. In view of losses, no provision for Income Tax is required to be made.

11. Contingent Liabilities/Commitments

Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc, amounting to Rs. 143.38 Crores(Previous Year Rs. 155.52 Crores)

Particular	Amount	Remarks
Dispute No, 3	4,20,19,374.00	Pending before city civil court, Bangalore
Dispute No. 4,5 & 6	8,50,88,592.00	Arbitration Award passed on 24.04.2016. in favour of M/s IRCON & further suit to be filed in city civil court
Dispute No. 7 to 12	1,30,66,10,558.00	Pending before DRB Court
Service Tax Late Return Filling Penalty	1,46,900.00	Demand for non- filling of Service Tax Return
Total	1.433.865,424.00	

12. All pending variations (BOQ & Non-BOQ variations)of M/s.IRCON International Ltd. of Adequate Road Connectivity to New Mangalore Port project are approved in NMPRCL Board meeting held on 1.12.2015 as per Item no.11, Work executed by the contractor M/s.Rajadeep Buildcon Pvt.Ltd. of ROB/RUB project amounting to Rs.

3,29,24,436/- (Variation no.9) are pending for approval by the Competent Authority.

13. No provision has been made or considered necessary pursuant to AS15 of ICAI for Gratuity, Leave Encashment and other Retirement Benefits to staff of NHAI deployed with the company as the same are provided by NHAI.

14. The Toll collecting contractor M/s.Inderdeep Construction Company has been paying 50% of agreed toll amount since 26-01-2015 invoking 'Force Majeure' Clause due to drop in toll collection as major traffic passing through Brahmarkotlu toll plaza has been diverted through diversion routes and also state administration has notified such diversions. Total claim lodged by the agency by invoking " Force Majeure " fort period 3.01.2015 to 9.08.2015 is Rs.2,28,89,535/- and Force Majeure amount approved by the Competent Authority is Rs.l,37,46,264/-.Balance amount of Rs.91,43,271/- is recovered from the agency (Rs.48,67,571 directly paid by the agency and Rs.42,75,700/- adjusted with performance security)

15. Interest paid to NHAI on unsecured loan for the period from 01.04.2015 to 31.03.2016, is charged to Profit & Loss Account.

16. There is no specific agreement of loan from NHAI specifying the terms & conditions of loan. The loan given by NHAI is a subordinate debt. The rate of interest charged on the basis of approval of the competent authority of NHAI.

16. Service Tax amounting to Rs. 5,03,854/- due as on 31.03.2015 under reverse charge mechanism has been deposited 6.01.2016 with interest. Company is liable to pay the service tax of Rs.23,237/- in respect of income received from MSEZ which is paid on 15.06.2016 with interest.

17. Based on the information available with management, the Company does not owe any dues to any enterprise covered under the Micro, Small and Medium Enterprises Development Act, 2006.

18. There is no separate reportable segment as per accounting standard AS-17.

19. Paise have been rounded off to the nearest rupee.

19. Previous year's Figures have been regrouped / reclassified / rearranged wherever necessary to correspond with the current year's classification / disclosure.

NEW MANGALORE PORT ROAD COMPANY LIMITED
Notes forming part of the financial statements for the year ending 31st March, 2015

1. Company has started toll collection w.e.f. 05.12.2013. Expenditure incurred in connection with the project has been capitalised in Toll Road Account & shown as Intangible Assets in Fixed Assets.
Toll collected during the year has been directly deposited in CFI (Consolidated Fund of India) which is receivable by the company and shown as Trade Receivables.

2. Related Party Disclosure
The company being a wholly state Owned Enterprise, no disclosure is required in the financial statements as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.
National Highway Authority of India
Key **Management Personnel**: Mr.Satish Chandra (Chairman)
Mr. G.Suresh (Director)
Mr. S.K. Patel(Director)
Mr. Niveditasrivastava (Director)
Mr.D.K.Mohapatra (Director)
Associate Companies: Mumbai-JNPT Port Road Co. Ltd.
Paradip Port Road Co.Ltd

3. Earning Per Share
The elements considered in calculating of Earning Per share(Basic and Diluted) are as under

Particulars	31st March, 2015	31st March, 2014
Net Profit/Loss after tax used as numertor	(292,184,442)	(85,263,128)

Weighted average numbers of equity shares used a denominator	78,600,000	78,600,00
Earning per share (Basic & Diluted)	(3,72)	(1,08)
Face Value Per Share	10	10

4. Payment to Auditor

Particulars	for the year ended 31st March, 2015	for the year ended 31st March, 2014
Statutory Audit Fees	115,000	115,000
Tax Audit Fees	20,000	20,000
Others- Service Tax	18,900	16,686
Total	153,900	151,686

13.Share Application Money

Share application money front NHAI stands at Rs.400,100,000/- at the end of the year, is in excess of its Authorised Capital which is classified under Other Current Liabilities. No terms & conditions regarding issue and allotment have been specified. However, NHAI has agreed to forgo the interest and thus interest on above has not been provided.

14. Work executed by the contractor amounting to Rs. 362,876,695/- (Previous year Rs.225,765,340/- (BOQ & Non BOQ Variations) are pending for approval by the Competent Authority.

15. As per arrangement with NHAI, the Establishment & Administrative expenses of Site office (PIU) has been apportioned between NHAI and New Mangalore Port Road Company Ltd. in the ration of 3:1. The Establishment & Administrative expenses amounting to Rs.10,93,090/- (Previous year Rs. 4,421,556/-) has been shared by NHAI.

16. Current Assets

In the opinion of Board of Directors all the Current Assets, loans and advances have been at realizable value in the ordinary course of business.

17. Deferred Tax

In the absence of virtual certainty of sufficient future taxable income, credit for deferred tax is not recognised as a matter of prudence in compliance with Accounting Standard -22.

18. In view of losses, no provision for Income Tax is required to be made.

19. Contingent Liabilities/Commitments

Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc. amounting to Its. 155.52 Crores (Previous Year Rs. 28.35 Crores)

20. All the directors of Company are nominees of National Highways Authority of India, the parent organization, hence no payment has been made to them as salary/allowance or otherwise

21. No provision has been made or considered necessary pursuant to AS15 of ICAI for Gratuity, Leave Encashment and other Retiremental Benefits to staff of NHAI deployed with the company as the same are provided by NHAI.

22. The Toll collecting contractor has been paying 50% of agreed toll amount since 26-01-2015 invoking 'Force Majeure' Clause due to drop in toll collection as major traffic passing through Brahmarkotlu toll plaza has been diverted through diversion routes and also state administration has notified such diversions. Thus, during the period from 26-01-2015 to 31-03-2015, toll collection has been less received from the contractor by Rs. 72,04,975.00.

Approval for the said reduction in toll receipt on the ground of Force Majeure is pending with the Competent authorities.

23. Interest paid to NHAI on unsecured loan for the period from 01.04.2014 to 31.03.2015, is charged to Profit & Loss Account.

24. Service Tax amounting to Rs. 5,03,854/- (Rs. 26,327/-) under reverse charge mechanism has not been deposited.

25. The company's account with National Highway Authority of India(Receivables), IRCON International & SAI Consulting Engineers Pvt. Ltd. -a joint venture with SNC-LAVALIN International (Payable), Rajdeep Buildcon Pvt. Ltd., Feedback Infra Pvt. Ltd. is subject to reconciliation.

26. Since there is no specific agreement of loan from NHAI specifying the terms & conditions of loan. The loan given by NHAI is a subordinate debt. The rate of interest charged on the basis of approval of the competent authority of NHAI.

27. Based on the information available with management, the Company does not owe any dues to any enterprise covered under the Micro, Small and Medium Enterprises Development Act, 2006.

28. There is no separate reportable segments as per accounting standard AS-17.

29. Paise have been rounded off to the nearest rupee.

30. Previous year's figures have been regrouped / reclassified / rearranged wherever necessary to correspond with the current year's classification / disclosure.

NEW MANGALORE PORT ROAD COMPANY LIMITED

Notes forming part of the financial statements for the year ending 31st March, 2014

OTHER EXPLANATORY NOTES TO ACCOUNTS

1. Company has started toll collection w.e.f. 05.12.2013. Expenditure incurred in connection with the project has been capitalised in Toll Road Account & shown as Intangible Assets in Fixed Assets as given in Note No.8. Depreciation of Rs, 43,668,411/- on Toll Road has been charged in current financial year (Previous year Rs. Nil)

Toll collected since 5th December,2013, has been directly deposited in CFI (Consolidated Find of India) which is receivable by the company and shown as Trade Receivables.

2. Related Party Disclosure

The company being a wholly state Owned Enterprise, no disclosure is required in the financial statements as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

National Highway Authority of India

Key Management Personnel: Mr.Satish Chandra

Mr. G.Suresh (Director]

Mr. Rakesh Nagar (Director]

Mr.S.LFageria

Mr.D.K.Mohapatra

Associate Companies: Mumbai-JNPT Port Road Co. Ltd.

Paradip port Road Co. Ltd

Chennai Ennore Port Road Co.Ltd.

3. Earning Per Share

The elements considered in calculating of Earning Per Share (Basic and Diluted) are as under:

Particulars	31st March, 2014	31st March, 2013
Net Profit/Loss after tax used as numerator	(85,263,128)	(7,360,903)
Weighted average numbers of equity shares used a denominator	78,600,000	78,600,000
Earning per Share (Basic & Diluted)	(1.08)	(0.09)
Face Value Per Share	10	10

4. Payment to Auditor

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
Audit Fees	115,500	85,000
Add: Service Tax @ 12.6%	14,214	10,506
Total	129,214	95,506

5. Share Application Money

During the year the company has received Share application money from NHAI amounting Rs. 105,600,000/- (Previous year Rs 111,400,000/-], which stands at Rs.400,100,000/- at the end of the year, is in excess of its Authorized Capital which is classified under Other Current Liabilities. No terms & conditions regarding issue and allotment have been specified. However, NHAI has agreed to forgo the interest and thus interest on above has not been provided.

6. Work executed by the contractor amounting to Rs. 225,765,340/- (Previous year Rs.66,006,376/-) (BOQ & Non BOQ Variations] are pending for approval by the Competent Authority.

7. As per arrangement with NHAI, the Establishment & Administrative expenses of Site office (PIU) has been apportioned between NHAI and New Mangalore Port Road Company Ltd. in the ration of 3:1. The Establishment & Administrative expenses amounting to Rs.4,421,556/- (Previous year Rs. 4,468,574/-) has been shared by NHAI,

8. Current Assets

In the opinion of Board of Directors all the Current Assets, loans and advances have been shown at realisable value in the ordinary course of business.

9. Deferred Tax

In the absence of virtual certainity of sufficient future taxable income, credit for deferred tax is not recognised as a matter of prudence in compliance with Accounting Standard – 22

10. In view of losses, no provision for Income Tax is required to be made.

11. Contingent Liabilities/Commitments

Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc. amounting to Rs. 28.35 Crores (Previous Year Rs. 28.35 Crores)

12. All the directors of Company are nominees of National Highways Authority of India, the parent organization, hence no payment has been made been made to them as salary/allowance or otherwise.

13. No provision has been made or considered necessary pursuant to AS15 of ICAI for Gratuity, Leave Encashment and other Retiremental Benefits to staff of NHAI deployed with the company as the same are provided by NHAI.

14. Royalty

As per order dated 17.11.2013 of the Dispute Redressal Board, an amount of Rs.10,478,167/- against total outstanding of Rs. 16,919,167/- (deducted from contractor in the earlier years towards royalty payable to the Government of Karnataka) has been released to the contractor (Ircon International Limited) on production of evidence of payment of such royalty to the Government of Karnataka.

15. Interest paid on unsecured loan upto 04.12.2013 has been capitalized and interest for the period from 05.12.2013 to 31.03.2014, being charged to Profit & Loss Account

16. Service Tax amounting to Rs. 26,32 /- under reverse charge mechanism has not been deposited.

17. The company's account with National Highway Authority of India(Receivables), IRCON International & SAI Consulting Engineers Pvt. Ltd. -a joint venture with SNC-LAVALIN International (Payable),Rajdeep Buildcon Pvt. Ltd,, Feedback Infra Pvt. Ltd. is subject to reconciliation.

18. Since there is no specific agreement of loan from NHAI specifying the terms & conditions of loan. The loan given by NHAI is a subordinate debt The rate of interest charged on the basis of approval of the competent authority of NHAI.

19. Based on the information available with management, the Company does not owe any dues to any enterprise covered under the Micro, Small and Medium Enterprises Development Act, 2006.

20. Balances under loans and advances, Other current assets and other current liabilities etc. are subject to confirmation.

21. There is no separate reportable segment as per accounting standard AS-17.

22. Paise have been rounded off to the nearest rupee.

23. Previous year's figures have been regrouped / reclassified / rearranged wherever necessary to correspond with the current year's classification / disclosure.

Note 17 OTHER EXPALANATORY NOTES ACCOUNTS (2012-13)

1. Related Party Disclosure

The company being a wholly state Owned Enterprise, no disclosure as regard to related party relationship with other state control enterprises and transactions with such enterprises has been made.

National Highway Authority of India
Key Management personnel: Dr. J.N.Singh (Chairman)
Mr. Ashok Mathur (Managing Director)
Mr. Rakesh Nagar (Director)
Mr. G.Suresh (Director)
Mr. I.P. Padhy (Director)
Associate Companies: Mumbai-JNPT Port RaodCo.Ltd
Paradip Port Road Co. Ltd

Related Party Transaction & Balances:

Related Party	Nature of Transaction	Transaction during the year	Closing Balance as on 31.3.2013	Balance as on 31.3.2012
National Highways Authority of India	Loan Taken	205,341,740 (168,713,691)	1,653,976,484	1,448,634,744
National Highways Authority of India	Share Application Money received	111,400,000	294,500,000	183,100,000
		(183,100,000)		
National Highways Authority of India	Interest Paid	154,379,711		
		(187,459,657)		
National Highways Authority of India	Reimbursements Received	5,078,905 (2,971,044)		

2. Earning Per Share

The elements considered in calculating of Earning Per share (Basic and Diluted) are as under

Particular	31st March 2013	31st March 2012
Net Profit/Loss after tax used as numerator		-
Weighted average numbers of equity shares used a Denominator	78,600,000	
Saving per share (Basic & Diluted)		
Rare Value per share	10	-

3. Payment to Auditor

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
Audit Fees	85,000	85,000
Add: Service Tax @ 12.36%/10.3%	10,506	8,755
Total	95,506	93,755

4. Share Application Money

The company has received Share application money from NHAI amounting Rs 20,45,00,000/-], excess of its Authorised Capital which is classified under Other Current Liabilities. No terms & conditions regarding issue and allotment have been specified. However, NHAI has agreed to forgo the interest and thus interest on above has not been provided.

5. Work executed by the contractor amounting to Rs. 6,60,06,876,84/-) (BOQ Variations) shown under Capital Work in Progress are pending for approval by the Competent Authrity.

6. In the opinion of Board of Directors all the Current Assets, loans and advances have been shown at realisable value in the ordinary course of business and provisions for all the known liabilities against the company have been made in the books of accounts.

7. Since there is no timing difference between the taxable income anti accounting income that originates in one period and art capable of reversal in one or more subsequent period, therefore, no deferred tax is recognised in books

8. Miscellaneous Preliminary Expenses amounting to Rs. 58,17,500/- appearing in Balance Sheet and Other revenue expenses amounting to Rs. 11,30,873/- appearing in Statement of Pre-Operative Expenditures since inception of the company till 31st March 2012 have been charged to Revenue under the Line head Prior Period items in the Statement of Profit for the and Loss for the current period.

9. Contingent Liabilities

Claims against the company not acknowledged as debts in respect of contractors claims and statutory dues etc amounting to Rs. Nil/ (Previous Year Rs. NIL)

10. All the directors of Company are nominees of National Highways Authority of India, the parent organization. No payment has been made to them as salary/allowance or otherwise.

11. No provision has been made for Gratuity, Leave .Encashment and other Retiremental Benefits to employees since company does not have any employee on the Comp any Roll.

12. As per Karnataka Minor Mineral Concession Rules, 1994 every contractor is required to pay-royalty to the government if it is purchasing minor minerals front private quarry lease holders or private quarry owners. The Liability of deducting and depositing the royalty is levied on the person making payment to such contractor. Acting for the due compliance of the Act, company has deducted Rs. 16919167/- towards royalty up to 31.03.2011, from the payment made to Contractor (Ircon International) Limited).

Further, in this regard company has taken a legal consultancy according to which the royalty deducted would be payable to contractor in-case it produces the documents which substantiate that it has purchased minor minerals from private quarry lease holders or private quarry owners, if the contractor is not able to produce the required documents the same amount would be deposited to the Government. Due to this uncertainty company has not deposited any amount, out of royalty deduction, to the government.

13. Interest paid on unsecured loan has been capitalized during the year as the work is yet to be completed.

14. The company's account With National Highway Authority of India (Receivable), IRCON International & SAI Consulting Engineers Pvt. Ltd –a joint venture with SNC-LAVAUN international (Payable) is subject to reconciliation

15. Based on the information available with management, the Company does not owe any dues to any enterprise covered under the Micro, Small and Medium Enterprises Development Act,2906.

16. Balances under loans and advances, Other current assets and other cut rent liabilities etc. are subject confirmation.

17. Paise have been rounded off to the nearest rupee.

18. Previous year’s figures have loan regrouped / reclassified / wherever necessary to correspond with the current year’s classification / disclosure.

Statement of Accounting Ratios

Annexure-VII

PARTICULARS	**2017**	**2016**	**2015**	**2014**	**2013**
Earning per share (Basic/Diluted) (`)	(1.29)	(3.53)	(3.72)	(1.08)	(0.09)
Return on net worth (%)	(0.48)	(1.09)	(0.73)	(0.12)	(0.01)
Net asset value per equity share (`)	2.70	3.22	5.10	8.82	9.91
Weighted average number of equity shares outstanding during the year / period (in crore)	13.46	11.19	7.86	7.86	7.86
Total number of share outstanding at the end of the year / period (in crore)	13.36	11.86	7.86	7.86	7.86
Debt Equity Ratio	9.86	8.55	6.69	3.03	2.12

Notes:

The ratios have been computed as below:

Earning per Share (`)	=	Profit after tax / Number of equity shares at the end of the year.
Return on net worth (%)	=	Profit after tax / Net Worth at the end of theyear.
Net asset value per equity share (Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year.
Debtequity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

NEW MANGALORE PORT ROAD COMPANY LIMITED

Qualification /Emphasis of Matter paragraph to Auditors' Reports: Annexure-VIII

Year ending 2017

We draw attention to the following matter in the Notes to the financial statements:

a) Note 19.1 I in the financial statements which indicates claims against the company in respect of contractors claims and Interest on enhanced compensation to land losers.

However, the financial statements of the company has been prepared on a going concern basis.

Our opinion is not modified in respect of the matter.

Year ending 2016

We draw attention to the following matter in the Notes to the financial statements:

(a) Note 19.11 in the financial statements which indicates claims against the company in respect of contractors claims and statutory dues etc.

However, the financial statements of the company have been prepared on a going concern basis. Our opinion is not modified in respect of the matter.

Year ending 2015

We draw attention to the following matters in the financial statements.

In the financial statements which indicate that the company has accumulated losses and its net worth has been substantially eroded and the company's Current Liabilities exceeded its current asset as at the balance sheet date.

Also claims against the company by contractors are substantial as referred in note no. 19.11.

However, the financial statements of the company have been prepared on a going concern basis.

Our opinion is not modified in respect of these matters.

Year ending 2014

The Company has capitalized the intangible asset amounting to Rs. 290.74 crores out of total Rs. 245.89 crores capital work in progress carried in the Balance Sheet as on31-03-2013.

In our opinion, Rs.245.89 crores attributable to 34.98 km has been taken over on 30-05-2012 from the contractor, Contractor's defect liability period had started since then and the road was capable of generating revenue though the same could not be made operational for other reasons and thus should have been capitalized as on 30-05-2012 which was capitalized on 04-12-2013 alongwith the balance of 2.02 km road on its completion.

Accordingly, Fixed Assets (Intangible) and Shareholder's funds are overstated to the extent of Rs.20.19 crores on account of depreciation Rs.7.31 crores, Finance Cost Rs.12.68 crores and Administrative and other expenses Rs.0.20 crores due to delayed capitalization.

The company has not charged Depreciation of Rs.7.31crores, finance Cost of Rs.12.68 crores and Administrative cost of Rs.0.20 crores to Statement of Profit and Loss due to delayed capitalization of 34.98 km. of road on 04-12-2013 instead as on 30-05-2012. This constitutes departure from the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the MinistryofCorporateAffairsisrespectofSection133oftheCompaniesAct,2013.

Accordingly, "Depreciation" would have increased by Rs. 7.31 crores, "Finance Cost" would have increased by Rs. 12.68 crores, and "Administrative and other expenses" would have increased by Rs. 02.20 crores. Thus "Net Loss before Tax" would have further increased by Rs. 20.19 crores.

We draw attention to:

a) **Revised Note No. 21 Para 5** to the Notes to accounts forming part of the Financial Statements, which describesaboutreceiptofshareapplicationmoneyinexcessofauthorizedCapitaloftheCompany.

b) **Revised Note No. 21 Para 6** to the Notes to accounts forming part of the Financial Statements , which describes about work executed by Contractor (BOQ and Non BOQ Variations) are pending for approval by the Competent Authority.

c) **Revised Note No. 21 Para 16** the financial statements, which describes non-deposit of service tax under reverse charge mechanism.

d) **Revised Note No. 21 Para 17** to the Notes to accounts forming part of the Financial Statements, which describes about non-reconciliation of account with certain major parties.

Our opinion is not qualified in respect of these matters.

<u>Year ending 2013</u>

Management has not capitalized the asset amounting to Rs. 245.89 crores out of total Rs. 272.99 crores capital work in progresscarriedintheBalanceSheetthoughoutoftotal37.00kmifsaid,34.98kmhasbeentakenoveron30-05-2012 from the contractor, Contractor's defect liability period had started since then and the road was capable of generating revenuethoughthesamecouldnotbemadeoperationalforotherreasons.ThereforeborrowingcostofRs.12.17crores and Administrative cost of Rs. 0.23 crores incurred on 34.98 km of road has not been charged to Statement of Profit & Loss. This constitutes departure from the Accounting Standards referred to in Sub section (3C) of Section 211 of the Companies Act, 1956.

Accordingly, 'Capital Work in Progress' would have reduced by Rs. 258.29 crores and Fixed Assets would have increased by Rs. 245.89 crores and Shareholders' Fund (Net of Taxes) would have reduced by Rs.12.39 crores.

ManagementhasnotchargedBorrowingcostofRs.12.17croresandAdministrationCostRs.0.23crorestoStatement of Profit and Loss due to non capitalization of 34.98 km of road. This constitutes departure from the Accounting Standards referred to in Sub section (3C) of Section 211 of the Companies Act, 1956.

Accordingly, 'Finance Cost' would have increased by Rs. 12.17 crores and 'Administrative and other Expenses' would have increased by Rs. 0.23 crores, 'Net Profit before Tax' would have further reduced by Rs. 12.40 crores.

We draw attention to:

a) Note No. 17 Para 4 to the Notes to the Financial Statements, which describes about receipt of share application money in excess of authorized Capital of the Company.

b) Note No. 17 Para 5 to the Financial Statements , which describes about work executed by Contractor (BOQ and Non BOQ Variations) shown under the head Capital work in progress are pending for approval by the Competent Authority.

c) Note No. 17 Para 14 to the Financial Statements, which describes about non-reconciliation of account with certain major parties.

Our opinion is not qualified in respect of these matters.

INDEPENDENT AUDITOR'S REPORT

The Board of Members
NATIONAL HIGHWAY AUTHORITY OF INDIA
G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF PARADIP PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), IN THE FINANCIAL YEAR 2018-2019 ("ISSUE").

1. We have read the reformatted financial information of **Paradip Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos NHAI/11033/Bharatmala Bonds /Auditor/2018-19 dated September 6, 2018, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2017, 2016, 2015, 2014 and 2013, which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2016-17	V.K. Khosla & Co
2015-16	V.K. Khosla & Co
2014-15	V.K. Khosla & Co
2013-14	Gupta & Gupta
2012-13	Gupta & Gupta

We have placed reliance on the audit reports of these auditors for the respective years.

2. Management's Responsibility

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted

financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Schedule III of the Companies Act, 2013.

3. Auditor's Responsibility

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013,and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. Financial Information as per Audited Financial Statements

We have read the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2013 to 31st March, 2017 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule III of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2017. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013.

v. The extraordinary items have been adequately disclosed separately in the Statement of

Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 which are reproduced in Annexure VIII.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, adjustments of amounts pertaining to mathematical accuracy and adjustment of amounts arising out of auditor's qualifications.

6. Other Reformatted Financial Information of the Company:

At the company's request we have read the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in

10. connection with the proposed issue of Bonds of the Authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

11. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner
Membership No- 098358

Date: 25 September 2018
Place: Ghaziabad

PARADIP PORT ROAD COMPANY LIMITED
REFORMATTEDSTATEMENTOFASSETSANDLIABILITIES

Annexure-I
(Rs.InLacs)

Particulars	Notes No.	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
EQUITY AND LIABILITIES						
(1) Shareholder's Funds						
(a) Share Capital	2	19,000.00	19,000.00	19,000	19,000.00	19,000.00
(b) Reserves and Surplus	3	- 34,648.07	-29,897.08	-24,103.25	- 18,937.02	- 14,674.44
					-	-
					-	-
Share Application Money Pending Allotment					-	-
(2) Non-Current Liabilities					-	-
					-	-
(a) Long-Term Borrowings	4	59,613.81	56,672.39	45,857.97	40,605.54	39,061.72
(b) Deferred Tax Liabilities(Net)		-	-		-	-
(c) Other Long Term Liabilities	5	12.96	13.24	0.20	0.20	0.19
(d) Long Term Provisions		-	-		-	-
(3) Current Liabilities					-	-
					-	-
(a) Short-Term Borrowings					-	-
(b) Trade Payables		-	-		-	-
(c) Other Current Liabilities	6	712.88	569.66	505.43	2,989.28	2,426.07
(d) Short-Term Provisions	7	2.69	2.52	2.52	2.33	2.33
TOTAL		44,694.28	46,360.73	**41,262.87**	**43,660.33**	**45,815.88**
II. ASSETS						
(1) Non-Current Assets						
(a) Fixed Assets					-	-
(i) Tangible	8	0.36	0.55	0.87	1.33	1.66
(ii) Intangible		36,496.79	38,655.13	40,227.00	42,354.02	44,481.05
(iii) Capital WIP	8A	-	-		-	-
(b) Non-current investments					-	-
(c) Deferred tax assets(net)		-	-			
(d) Long term loans and advances		-	-		-	-
(e) Other non-current assets	9	7,405.43	7,419.42	6.01	319.53	315.91
					-	-
					-	-
(2) Current Assets				-		-
(a) Current investments	10	345.80	8.71		-	-
(b) Inventories	11	422.74	265.91	238.82	148.98	166.38
(c) Trade receivables	12	22.39	10.40	784.31	784.20	784.20
(d) Cash and cash equivalents	13			5.87	52.30	66.68
(e) Short-term loans and advances		0.77	0.60			
(f) Other current assets						
TOTAL		44,694.28	46,360.73	**41,262.87**	**43,660.33**	**45,815.88**

PARADIP PORT ROAD COMPANY LIMITED
REFORMATTEDSTATEMENTOFPROFIT&LOSS

Annexure-II
(Rs. In lacs)

	Particulars	Notes No.	As at 31st March 2017	As at 31st March 2016*	As at 31st March 2015	For the year ended March 2014	For the year ended March 2013
I.	Revenue from operations	**14**	3,218.09		2077.23	2,152.40	2,047.21
II.	Other Income	**15**	12.80	1,918.01	9.56	23.24	8.17
				34.66			
III.	**Total Revenue (I +II)**		**3,230.89**	**1,952.67**	**2,086.79**	**2,175.65**	**2,055.39**
IV.	**Expenses:**						
	Toll Operational and Maintenance Expenses	**16**	352.84	351.33	628.00	30.74	237.48
	Employee Benefit Expense	**17**	9.11	9.03	7.11	6.36	4.12
	Financial Costs	**18**	5,457.14	5,021.25	4,426.65	4,229.59	3,967.03
	Depreciation&AmortizationExpense	**19**	2,158.54	2,164.58	2,127.38	2,152.28	2,153.39
	Other Expenses	**20**	16.94	18.76	14.44	19.24	20.18
	Total Expenses		**7,994.57**	**7,564.94**	**7,203.57**	**6,438.20**	**6,382.19**
V.	**Profit before exceptional and extraordinary items and tax**	**(III -IV)**	(4,763.68)	(5,612.27)	(5,116.78)	(4,262.56)	(4,326.80)
VI.	Exceptional and Extraordinary items					-	-
	Prior Period Expenses		(12.69)	181.56	49.33	0.02	-
VII.	**Profit before tax**	**(V -VI)**	**(4,750.99)**	**(5,793.83)**	**(5,166.11)**	**-4,262.57**	**(4,326.80)**
VIII.	**Tax expense:**						
	(1) Current tax					-	-
	(2) Deferred tax					-	-
IX.	**Profit(Loss) After Tax for the Year**	**(VII-VIII)**	**(4,750.99)**	**(5,793.83)**	**(5,166.11)**	**(4,262.57)**	**(4,326.80)**
X.	**Earning per equity share:**						
	Basic & Diluted		**(2.5)**	**(3.05)**	**(2.72)**	**(2.24)**	**(2.28)**

PARADIP PORT ROAD COMPANY LIMITED
REFORMATTED STATEMENT OF CASH FLOW

Annexure-III

Particulars	For the year ended March 2017	For the year ended March 2016	For the year ended March 2015	For the year ended March 2014	For the year ended March 2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before Taxation	(4,750.99)	(5,793.83)	(5,166.11)	(4,262.58)	(4,326.80)
Adjustments for:				-	-
Depreciation and Amortisation Expenses	2158.54	2,346.14	2,127.38	2,152.28	2,153.39
Interest Received on Fixed Deposits	(10.89)	(6.87)	(7.25)	(5.62)	(1.84)
Preliminary expenses to be written off	0.17	-		-	-
Interest Paid	5457.13	5,021.25	4,426.64	4,229.59	3,967.01
Preoperative depreciation				-	-
Operating Profit before working capital changes	2,853.96	1,566.69	**1,380.66**	**2,113.66**	**1,791.76**
Adjustments for:				-	-
Increase/(Decrease) in Other Current Liabilities	143.23	77.27	(2483.66)	-	-
				563.21	(76.24)
(Increase) /Decrease in Short Term Loans & Advances	(11.99)	773.9	(0.13)		
(Increase)/Decrease in other Non - current assets	(337.10)		46.43	0.02	(783.72)
(Increase)/Decrease in other current assets	(0.17)	(3.43)		-	-
				(10.54)	21.12
Net cash from Operating Activities				-	-
CASH FLOW FROM INVESTING ACTIVITIES	**2,647.94**	**2,414.40**	**(1056.70)**	**2,666.35**	**952.92**
Increase/(Decrease) in Other Current Liabilities & Provisions	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
(Increase) /Decrease in Short Term Loans & Advances			-	-	-
(Increase)/Decrease in other Non - current assets	-	-	-	-	-
(Increase)/Decrease in other current assets	-	-	-	-	-
Increase in depreciation reserve	-	-	-	-	-
Increase in Capital work in Progress	-	-	-	-	-
Preliminary Expenses	-		-	-	-
Increase in Long Term Loans and Advances	13.99	(7413.41)	313.51	-	-
Interest Received on Fixed Deposits	10.89	6.87	7.25	(3.62)	482.55
Increase/(decrease) in Fixed Assets	-	(773.96)		5.62	1.84
	-		-	-	0.00
	-	-	-	-	-
Net cash used in Investing Activities	**24.89**	**(8180.50)**	**320.77**	**2.01**	**484.39**
CASH FLOW FROM FINANCING ACTIVITIES				-	-
Proceeds from long term borrowings	2941.15	10814.42	5252.42	-	-
Refund of loans and advances				-	-
Proceeds from Share Capital/Application				1,543.82	2,308.95
				-	-
				-	-
Interest Paid	(5457.14)	(5021.25)	(4426.65)	(4,229.59)	(3,967.01)
				-	-
Net cash used in Financing Activities	**(2515.99)**	**5793.17**	**825.78**	**(2,685.77)**	**(1,658.06)**
				-	-
Net Increase / (Decrease) in cash and cash equivalents during the year (A+B+C)	**156.83**	**27.09**	**89,84**	**(17.41)**	**(220.75)**
				-	-
				-	-
Cash and cash equivalents at commencement of the year				166.38	387.13
(openingBalance)	265.91	238.82	148.97	-	-
				-	-
Cash and cash equivalents at end of year (Closing Balance)	**422.74**	**265.91**	**238,82**	**148.97**	**166.38**

PARADIP PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

NOTE - 2 SHARE CAPITAL

Annexure-IV
(Rs. In Lacs)

Particulars	As at 31st March 2017	As at 31stMarch 2016	As at 31st March 2015	As at 31st March 2014	As at 31stMarch 2013
Authorised Capital	19,000	19,000	19,000	19,000	19,000
Issued, Subscribed & Paid up Capital	19,000	19,000	19,000	19,000	19,000

Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

(Figures in Lacs)

	Asat31.3.2017		As at31.3.2016		As at 31.3.2015		As at 31.3.2014		As at 31.3.2013	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	(Amount in Rs.)	Amount	(Amount in Rs.)
At the beginning of the Year	1,900.00	19,000	1,900.00	19,000	1,900.00	19,000	1,900.00	19,000	1,900.00	19,000
Fresh issue of shares during the year	-	-	-	-	-	-	-	-	-	-
Outstanding at the end of the year	**1,900.00**	**19,000**	**1,900.00**	**19,000**	**1,900.00**	**19,000**	**1,900.00**	**19,000**	**1,900.00**	**19,000**

Particulars of equity share holders holding more than 5% of the total number of equity share capital :

Name of Shareholder

	Asat31.3.2017		As at31.3.2016		Asat31.3.2015		Asat31.3.2014		As at 31.3.2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% ofHolding	No. ofShares held	% ofHolding
National Highway Authority of India	1,500	78.95%	1,500	78.95%	1,500	78.95%	1,500	78.95%	1,500	78.95%
Paradeep Port Trust Authority	400	21.05%	400	21.05%	400	21.05%	400	21.05%	400	21.05%

PARADIP PORT ROAD COMPANY LIMITED
NOTESANNEXEDTOANDFORMINGPARTOFTHEREFORMATTEDASSETSANDLIABILITIES

Annexure-IV (Rs. InLacs)

	As at 31st March	As at 31st March	As at 31st March	As at 31st March	As at 31st March
	2017	**2016**	**2015**	**2014**	**2013**
NOTE - 3 RESERVE AND SURPLUS					
Surplus / (Deficit) in Statement of Profit and Loss					
Opening Balance	-29,897.08	-24,103.25	-18,937.02	-14,674.44	-10,347.64
Add/(less): Transferred From Surplus/(Defecit) in					
Statement of Profit and Loss	-4,750.99	-5,793.83	-5,166.11	-4,262.58	-4,326.80
Add: Transfer from Fixed Assets		-0.11	-0.11		
Closing Balance	-34,648.07	**-29,897.08**	**- 24,103.25**	**-18,937.02**	**-14,674.44**
NOTE - 4 LONG TERM BORROWINGS					
Unsecured					
Loans & Advances From Related Parties	-	-	-	-	2.15
-	-	-	-	-	
National Highway Authority of India	59,613.81	56,672.39	45,857.97		
From Paradip port Trust				40,605.54	39,059.57
TOTAL	59,613.81	56,672.39	**45,857.97**	**40,605.54**	**39,059.57**
NOTE - 5 OTHER LONG TERM LIABILITIES					
Leave Salary & Pension Contribution-Deputationist (R.P.Panda) B/D 2007-08	0.10	0.10	0.10	0.10	0.10
CGEGIS Deduction Payable (B/D), 2007-08	0.03	0.03	0.03	0.03	0.03
Other Liabilities & Exp. (APGLI) (B/D) 2007-08	0.06	0.06	0.06	0.06	0.06
Security Deposit (IOCL)					0.00
Mauya Enterprise	0.33	0.43			
NHAI-PIU-KJR	0.14	0.14			
Amitav Das	0.58	0.58			
Santos K agarwal&assocites	0.56	0.56			
Retention money Payble-JMC	-	0.15			
JMC Constrution (p) ltd-IPC-7	2.00	2.00			
JMC Constrution (p) ltd-feb-2013	1.10	1.10			
JMC Constrution (p) ltd- March 2013	3.87	3.87			
JMC Constrution (p) ltd-April 2013	3.87	3.87			
JMC Constrution (p) ltd-IPC-11 may 2013 (Insurance)	0.30	0.30		-	2.15
TOTAL	**12.96**	**13.24**	0.20	**0.20**	**2.35**
NOTE - 6 OTHER CURRENT LIABILITIES					
Current maturity of long term debt				2,535.61	-1,762.96
HCC Ltd.				-	-
Earnest Money Payable				-	41.00
A.J. Tolls Pvt. Ltd. (Performance Security Payable)				-	-
TDS Paybale				424.06	398.55

Payable to parent Organisation -NHAI				-	-
Other liabilities/ Expenses payable	153.63	64.88	505.33	29.05	223.19
Service Tax Payable (Reverse Charge Mechanism)	0.05	0.02	0.05	0.56	
Mumbai – JNPT Port Road Co. Ltd.			.05		
Tax deducted at source	553.09	504.29			
Tax collected at source	6.11	0.46			
TOTAL	**712.88**	**569.66**	**505.43**	**2,989.28**	**2,426.07**
NOTE - 7 SHORT TERM PROVISIONS					
Provisions for Audit Fees	-	-			
Provisions for Income Tax				2.33	2.33
Provisions for Fringe Benefit Tax	-	-			
Other Provisions	2.69	2.52	2.52		
TOTAL	**2.69**	**2.52**	**2.52**	**2.33**	**2.33**

PARADIP PORT ROAD COMPANY LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

NOTE - 8 FIXED ASSESTS

TANGIBLEASSETS **Annexure-IV**

(Rs. In Lacs)

Particulars (Net Block)	AS at 31.03.2017	AS at 31.03.2016	AS at 31.03.2015	As at 31.03.2014	As at 31.03.2013
Air condition and Heaters	0.00	0.04	0.08	0.0	0.13
Office Equipment	0.01	0.02	0.16	0.44	0.47
Computer and EDP equipments	-	-	-	-	0.23
Furnitures& Fixtures	0.35	0.49	0.63	0.76	0.83
Toll Road	36,496.79	38,655.13	40,227.00	42,354.02	44,481.05
TOTAL	**36,497.15**	**38,655.69**	**40,227.86**	**44,482.71**	**44,482.71**

PARADIP PORT ROAD COMPANY LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE REFORMATTED ASSETS AND LIABILITIES

Annexure-IV (Rs. InLacs)

NOTE - 9 LONG TERM LOANS AND ADVANCES

	31-Mar-17	31-Mar-16	31-Mar-15	31-03-2014	31-03-2013
Unsecured and Considered good					
Capital Advances				1.24	2.71
Security Deposits	-	1.00	1.00	1.00	1.00
Other Deposits	10.14	20.92		-	-
Advance from NHAI (Holding Company)	-	2.21	2.74	315.02	309.87
Advance Income Tax / TDS Receivable	7,395.29	7,395.29	2.28	2.27	2.33
				-	-
TOTAL	**7,405.43**	**7,419.42**	**6.01**	**319.53**	**315.91**

NOTE - 10 TRADE RECEIVABLES

	31-Mar-17	31-Mar-16	31-Mar-15	31-03-2014	31-03-2013
Trade Receivables	345.80	8.71			
Total	345.80	8.71			

NOTE - 11 CASH AND CASH EQUIVALENTS

	31-Mar-17	31-Mar-16	31-Mar-15	31-03-2014	31-03-2013
Cash in Hand				-	-
Current Account	90.37	49.40	83.21	5.20	8.89
Deposit with Bank	332.38	216.51	155.61	143.78	157.49
Total	**422.74**	**265.91**	**238.82**	**148.98**	**166.38**

NOTE - 12SHORT TERM LOANDS & ADVANCES

	31-Mar-17	31-Mar-16	31-Mar-15	31-03-2014	31-03-2013
Unsecured, Considered Good					
Prepaid Expenses	0.07	0.03	0.03	0.03	-
Deposits	10.00	10.00	783.96	784.16	783.96
Others	12.32	0.38	0.31	0.18	0.22
TOTAL	**22.39**	**10.40**	**784.31**	**784.20**	**784.20**

NOTE –13 OTHER CURRENT ASSETS

Particulars	31-Mar-17	31-Mar-16	31-Mar-15	31-03-2014	31-03-2013
Unamortized Expenses					
Preliminary Expenditure					24.92
Accruals					
Interest accrued on deposits	0.77	0.57	0.95	0.49	0.34
Claims and expenses recoverable	-	0.03	4.92	51.82	41.42
TOTAL	**0.77**	**0.60**	**5.87**	**52.30**	**66.68**

NOTE –14 REVENUE FROM OPERATIONS

(Rs. in Lacs)

Particulars	31-Mar-17	31-Mar-16	31-Mar-15	31-03-2014	31-03-2013
Toll Revenue	3,218.09	1,918.01	2,077.23	2,152.40	2,047.21
TOTAL	**3,218.09**	**1,918.01**	**2,077.23**	**2,152.40**	**2,047.21**

NOTE –15 OTHER INCOME

(Rs. in Lacs)

Particulars	31-Mar-17	31-Mar-16	31-Mar-15	31-03-2014	31-03-2013
Interest from Bank (Income)	4.61	6.87	7.25	-	1.11
Interest on Toll Deposit	6.28	-	2.28	5.62	0.72
Licence Fee Recovered				-	-
Sale of Tender Document				0.25	0.10
Liquidated Damages	-	0.30		10.01	1.88
Recovery of Panelty (From Toll Agency)	1.91	26.15		-	-
Claim and Expenses Recoverable				-	1.26
excess provision for expenses written back				-	-

Miscelleneous Receipt			0.02	-	-
Other Interest				7.36	3.10
TOTAL	**12.80**	**34.66**	**9.56**	**23.24**	**8.17**

NOTE –16 TOLL OPERATIONAL AND MAINTENANCE EXPENSES

(Rs. in Lacs)

Particulars	31-Mar-17	31-Mar-16	31-Mar-15	31-03-2014	31-03-2013
Toll Expenses	0.55	-	0.90	-	1.04
Expenditure Maintenance on Highwayas	352.29	351.33	22.11	30.74	236.44
Force Majeure- Toll			605.00		
TOTAL	**352.84**	**351.33**	**628.00**	**30.74**	**237.48**

NOTE –17 EMPLOYMENT BENEFIT EXPENSES

(Rs. in Lacs)

Particulars	31-Mar-17	31-Mar-16	31-Mar-15	31-03-2014	31-03-2013
Salaries & Wages	9.10	9.03	7.11	6.33	4.05
Staff Welfare Expenses	0.01	-		0.04	0.01
Contribution to CPF, Pension and Leave salary				-	0.05
TOTAL	**9.11**	**9.03**	**7.11**	**6.36**	**4.12**

NOTE –18 FINANCIAL COST

(Rs. in Lacs)

Particulars	31-Mar-17	31-Mar-16	31-Mar-15	31-03-2014	31-03-2013
Interest on Cash Credit Facality					
Interest on Loan From NHAI	5,457.14	5,021.25	4,426.65	4,229.59	3,967.01
Bank Gurantee Charges				-	-
Bank Charges				-	0.02
TOTAL	**5,457.14**	**5,021.25**	**4,426.65**	**4,229.59**	**3,967.03**

NOTE –19 DEPRECIATION & AMORTIZATION EXPENSES

(Rs. in Lacs)

Particulars	31-Mar-17	31-Mar-16	31-Mar-15	31-03-2014	31-03-2013
Depreciation	2,158.54	2,164.58	2,127.38	2,127.35	2,128.46
Preliminary Expenses W/O				24.92	24.92
Total	2,158.54	2,164.58	2,127.38	2152.27	2153.39

NOTE –20ADMINISTRATIVE EXPENSES

(Rs. in Lacs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013
ROC Filing Fee	0.49	0.02	0.12	0.06	-
Telephone Expenses	-	-	-	-	0.03
Conveyance Expenses	0.01	0.01	0.02	0.02	0.02
Travelling Expenses	-	0.01	-	0.40	0.64
Entertainment Expenses	-	0.01	0.01	0.00	0.04
Newspaper & Periodicals	-	-	-	-	0.00
Legal and Professional Expenses	2.92	7.33	8.20	11.36	11.26
Repair & Maintenance	0.05	0.04	0.04	0.04	0.19
Postage & Telegram	-	0.00	0.00	0.01	0.01
Security Expenses	0.28	0.50	1.08	1.08	1.14
Sundry Balances Written off	2.46	-	-	-	0.09
Printing and Stationery Expenses	0.01	0.02	0.02	0.02	0.02
Auditors Remuneration	-	-	-	-	-
Statutory Audit Fees	1.50	1.32	1.31	1.29	1.29
Tax Audit Fees	0.40	0.40	0.23	0.22	0.22
Transfer Pricing Fees	0.19	0.19	0.19	-	-
Out of Pocket Expenses	0.96	0.97	0.94	0.63	0.57
Internal Audit Fees	1.05	1.05	1.05	1.05	1.05
Secretarial Audit fee	0.29	-	-	-	-
Advertisement & Publicity Expenses	-	0.27	0.55	1.64	2.41
Electricity & Water	-	-	-	-	0.76
Bank Charges	5.31	0.01	0.02	0.00	0.02
Other Expenses	0.03	0.00	0.00	0.00	0.05
Meeting expense	-	-	-	-	0.01
Service Tax (Reverse charge mechanism)	0.59	1.55	0.48	1.34	0.33
Interest on TCS	-	0.00	-	0.09	-
Interest on Service Tax	-	-	-	-	0.04
Computer Repair & Software Exp.	-	-	0.19	-	-
Prior Period Expenditure	-	4.83	-	-	-
Director Sitting Fees	0.40	0.25	-	-	-
TOTAL	**16.94**	**18.77**	**14.44**	**19.25**	**20.19**

PARADIP PORT ROAD COMPANY LIMITED

ANNEXURE -VI

FORMINGPARTOFTHEFINANCIALSTATEMENTFORTHEYEARENDING(31st March,2017,2016,2015, 2014, and2013)

I BACKGROUND

The company has been set up to develop, establish, construct, operate and maintain a project relating to the construction, operation and maintenance of the Paradip Port connectivity project under the "Build-Operate- Transfer"(BOT)basis. A concession Agreement entered between the company and the National Highways Authority of India, (NHAI) will confer the right to the company to implement the project and levy toll/user charges over the long concession period after completion of construction.

II SIGNIFICANT ACCOUNTINGPOLICIES:

a) Basis of accounting (31st March, 2017, 2016, 2015, 2014, and 2013)

The financial statements are been prepared under the historical cost convention, on the accrual basis of accounting and accordance with the generally accepted accounting principles in India, provisions of the Companies Act, 1956, (the Act) and comply in material aspects with the accounting standards notified under Section 211(3C) of the Act, read with Companies (Accounting Standards) Rules, 2006. The project has been completed substantially on 15.06.2009. The Toll collection started w.e.f. 04.07.2009. As the company had commenced commercial operations, a statement of the Profit or Loss has been prepared.

b) Financial Statements: Presentation and disclosures(31st March, 2017, 2016 &2015)

During the year ended 31st March 2016, the Schedule III, notified under The Companies Act 2013, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of Schedule III does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Financial Statements: Presentation and disclosures(31st March 2014, and 2013)

During the year ended 31st March 2012, the revised schedule VI, notified under The Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

c) Classification of Assets and Liabilities(31stMarch,2017, 2016 ,2015,2014, 2013)

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies, Act 2013. Based on the nature of products and the time between the acquisition of the assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non- current classification of assets and liabilities.

d) Use of Estimate (31stMarch,2017,2016,2015,2014,and2013)

The preparation of financial statements in conformity with generally accepted accounting principles(GAAP)in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of the financial statements. Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

e) Fixed assets (31stMarch,2017,2016,2015,2014,and2013)

Fixed assets, other than project assets, are stated at their original cost of acquisition including incidental expenses relating to the acquisition and installation of the assets.

The Substantial fixed assets of the company, in the form of Toll Road was capitalized w.e.f. 15-06-2009, including Toll Plaza with other allied facilities on way, Lighting and such other fixtures. Balance work on toll road is capitalized on 31-10-2010. The part completed of the individual assets which eventually shall stand merged in to toll road on capitalization after completion of construction, are considered incidental, ancillary and form part of capital work in progress

f) Depreciation (31st March,2017, 2016, 2015, 2014, 2013)

Depreciation on fixed assets (other than project assets) is provided on the straight-line method using Life prescribed by Schedule II to the Companies Act, 2013.

Depreciation on Air-conditioner & furniture & fixture has been provided as per the Companies Act 2013 on the basis of useful life of 10 years and depreciation on office equipment on the basis of 5 years.

Depreciation on Toll Road Account has been charged considering the concession period of 30 years. The concession period is from 24.02.2004 to 23.02.2034. The construction Period was from 24.02.2004 to 15.06.2009. Hence, the amortization period is 15.06.2009 to 23.02.2034 (9019 days). The Toll Road had been completed on 31.10.2010. Depreciation for 2016-17 is Rs. 21,58,34,843/- and for previous year 2015-16 is Rs. 21,64,26,172/-, Depreciation on project assets (project) is provided upon commissioning and commencement of commercial operations as per the guidelines applicable.

As the company has not availed any financial assistance other than from the holding company, the financial close and the appointed date for concession period has been taken as date of concession agreement and depreciation provided accordingly

Depreciation (31st March,2016)

Depreciation on fixed assets (other than project assets) is provided on the straight-line method using Life prescribed by Schedule II to the Companies Act, 2013.
Depreciation on Air-Conditioner & furniture & fixture has been provided as per companies act 2013 on the basis of useful life of 10 years and depreciation on office equipment on the basis of 5 years.

Depreciation on Toll Road Account has been charged considering the concession period of 30 years. The concession period is from 24.02.2004 to 23.02.2034. The construction Period was from 24.02.2004 to 15.06.2009. Hence, the amortization period is 15.06.2009 to 23.02.2034 (9019 days). The Toll Road had been completed on 31.10.2010. Depreciation for 2015-16 is Rs. 21,64,26,172. (plus prior period depn. of Rs.1,81,56,378.11 on ale of increase in cost because of loss of litigation w.r.t. royalty of construction material) and for 2014-15 is Rs.21,27,02,500.
Depreciation on project assets (project) is provided upon commissioning and commencement of commercial operations as per the guidelines applicable.

As the company has not availed any financial assistance other than from the holding company, the financial close and the appointed date for concession period has been taken as date of concession agreement and depreciation provided accordingly.

Depreciation (31st March,2015)

Depreciation on fixed assets (other than project assets) is provided on the straight-line method using Life prescribed by Schedule II to the Companies Act, 2013.

Depreciation on Toll Road Account has been charged considering the concession period of 30 years. The concession period is from 24.02.2004 to 23.02.2034. The construction Period was from 24.02.2004 to 15.06.2009. Hence, the amortization period is 15.06.2009 to 23.02.2034 (9019 days). The Toll Road had been completed on 31.10.2010. Depreciation for 2014-1'5 is Rs. 21,27,02,500 and for 2013-14 was Rs.21,27,02,500. Depreciation on project assets (project) is provided upon commissioning and commencement of commercial operations as per the guidelines applicable.

As the company has not availed any financial assistance other than from the holding company, the financial close and the appointed date for concession period has been taken as date of concession agreement and depreciation provided accordingly.

Depreciation (31st March,2014)

Depreciation on fixed assets (other than project assets) is provided on the straight-line method using rates prescribed by Schedule XIV to the Companies Act, 1956.
Depreciation on Toll Road Account has been charged considering the concession period of 30 years. The concession period is from 24.02.2004 to 23.02.2034. The construction Period was from24.02.2004 to 15.06.2009. Hence, the amortization period is 15.06.2009 to 23.02.2034 (9019 days). The Toll Road had been completed on 31.10.2010. Depreciation for 2013-14 is Rs. 21,27,02,500, Rs. 21,27,02,500 for 2012.13. Depreciation on project assets (project) is provided upon commissioning and commencement of commercial operations as per the guidelines applicable.

As the company has not availed any financial assistance other than from the holding company, the financial close and the appointed date for concession period has been taken as date of concession agreement and depreciation provided accordingly.

An item of asset costing Rs. 5000/- or less is charged off to revenue in the year of acquisition / purchase / commission I available for use and such item of asset with written down value of Rs. 5000/- or less as at the beginning of the year is also fully depreciated during the year.

Depreciation (31st March,2013)

Depreciation on fixed assets (other than project assets) is provided on the straight-line method using Life prescribed by Schedule II to the Companies Act, 2013.

Depreciation on Air-conditioner & furniture & fixture has been provided as per the Companies Act 2013 on the basis of useful life of 10 years and depreciation on office equipment on the basis of 5 years.

Depreciation on Toll Road Account has been charged considering the concession period of 30 years. The concession period is from 24.02.2004 to 23.02.2034. The construction Period was from 24.02.2004 to 15.06.2009. Hence, the amortization period is 15.06.2009 to 23.02.2034 (9019 days). The Toll Road had been completed on 31.10.2010. Depreciation for 2016-17 is Rs. 21,58,34,843/- and for previous year 2015-16 is Rs. 21,64,26,172/-, Depreciation on project assets (project) is provided upon commissioning and commencement of commercial operations as per the guidelines applicable.

g) Investments(31st March, 2017, 2016, 2015, 2014, and 2013)

Investments, if any, has been valued at lower of cost or market value.

h) BorrowingCosts(31st March, 2017, 2016, 2015, 2014, and 2013)

Borrowing costs relatable to the acquisition or construction of the qualifying assets for the period upto their acquisition or construction when substantial work was capitalized as part of the cost of the assets. All borrowing costs post 15.06.2009 were/are recognized as expenses.

i) EarningsperShare(31st March, 2017, 2016, 2015, 2014, and 2013)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

j) Provisions, Contingent Liabilities and Contingent Assets Provisions (31st March, 2017, 2016, 2015, 2014, and 2013)

A provision is created when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount can be made of the amount of the obligation.

Provisions are determined based upon management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent Liabilities

No provision is recognized for liabilities where future outcome cannot be ascertained with reasonable certainty. Such liabilities are treated as contingent and disclosed by way of Notes to the Accounts.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets

Contingent Assets are neither -recognized nor disclosed in the financial statements of the company.

j) Revenue Recognition Policy(31st March, 2017, 2016, 2015, 2014, and 2013)

Revenue is recognized weekly on the basis of receipt of contracted amount from toll collection agency.

k) Miscellaneous Expenditure(31st March,2017, 2016, 2015, 2014, 2013)

The miscellaneous expenditure will be amortized over a period of five years on commissioning of the project and commencement of commercial activities.

Note 21
As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI and Paradip Port Road Company Ltd. in the ratio 3:1. The Establishment & Administrative Expenses of site office for 2016-2017 was Rs.2,28,420/- out of which Rs.1,71,316/- has been transferred to NHAI account and Rs.57,104/- has been accounted for in the books of the company.

Note 22
Advances include Rs. 4,75,85,459/- (including interest from 01.07.2008 to 12.06.2010) deposited with court Registry pursuant to an order dated 24.02.2012 and further interim Appeal No.2/2012 in civil Appeal No.5162 of 2012 on dated.15.10.2012 Hon'ble Court has passed an order Rs,1,90,86,779/- and an amount of Rs,1,07,24,043.04 Totaling of Rs,2,98,10,822/- has been deposited on 23.11.2012 of hon'ble Supreme Court directing to deposit the amount awarded on a dispute of reimbursement of royalty on miner minerals. No provision has been made in this regard as the matter is pending decision and subjudice

Note 23
All the Directors of the company are holding office in company as nominee's of National Highways Authority of India, the parent organization, hence no payment has been made to them as salary/allowance or otherwise.

Note 24
In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned.

Note 25

The approved cost of the project was Rs. 500.00 crores. However, the revised cost of Rs. 525.42 crore had been approved by competent authority. The estimated amount of contracts remaining to be executed on Capital Work is Rs. NIL as on March 31, 2017

Note 26
There were some entries which are related to the prior period. Details of the same as given below:

Particulars	**Period to which expenses relate**	**Nature**	**Amount in Rs. 2016-17**	**Amount in Rs. 2015-16**
Expense	Year 2014-15 Year 2015-16	Expense of Rs.57500 related to TDS payable for professional charges related to FY 14-15 & FY 15-16 and Rs.2859 related to pre paid expenses of advance AMC for the FY 14-15	60,359	1,81,56,378 (Depreciation on toll plaza)
Income	Year 2015-16	Payment made to M/S Deloitte for professional charges incurred & booked in the FY 15-16 but shared by other SPVs during F.Yr.2016-17.	13,29,776	

Note 27
Earning per Share pursuant to “Accounting Standard-20” issued by Institute of Chartered Accountants of India has been derived as (-) Rs.2.50.

Note 28
No provision of Income Tax (Previous year Nil) has been made in the books of accounts in respect of Interest received from Bank amounting to Rs. 4,61,015/- and on toll fee deposit amounting to Rs.6, 28,389/- as the same will get set off against the business loss.

Note 29
The company has also provided for interest payable on subordinate loan availed from NHAI at rate intimated by NHAI ,amounting to Rs. 54,57,13,906 on which provision towards TDS (I.T.) of Rs.5,45,71,391 has been made. Amount of loan from NHAI includes deposits made by NHAI as per direction of Hon’ble court amounting to Rs.73.95 crores. However this amount is to be borne by NHAI itself and NHAI has charged interest on the said amount @ 9.75%.Further,there exists no specific agreement of loan with NHAI specifying the terms & conditions of loan. The loan given by NHAI is a subordinate-debt. The rate of interest charged on the basis of approval of the competent authority of NHAI.

Note 30
The balance of vendors/ service providers regarding their status of registration under the said Act and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said act have not been furnished by the concerned agencies.

Note 31
Contingent Liabilities/Commitments:

Contingent Liability towards Litigation with HCC.

M/S HCC Ltd had claimed payment of additional cost on account of losses suffered in the extended period of the contract from 19.02.2007 to 15.06.2009 (being delay and compensation events not attributable to the contractor).The claimed in the said dispute amounts to Rs. 140.87 crores (incl. Rs. 3.77 lacs of arbitration cost). In the above matter, in compliance to the Execution Petition Order, NHAI deposited 50% of the awarded amount (amounting to Rs. 62,30,43,024/-) with the Registrar General of Delhi High Court in the form of demand draft on 27.11.2015. The Authority also furnished a bank guarantee for the balance 50% in favour of the Registrar General on 09.12.2015. Since, the work executed jointly by NHAI and PPT through SPV, all the obligatory contractual liability to be borne by the shareholder proportionate to their equity participation. Therefore, the contingent liability of Rs.29.65 crore borne by PPRL (which is 21.05% of Rs.140.87 crore).

Note 32 a) Auditors’ Remuneration: (Including Service Tax)

	2017	**2016**
Statutory Audit Fees (Rs.)	1,49,500	1,48,850
Tax Audit Fees (Rs.)	40,250	40,075

Note 33
There are no deferred tax assets or liability as envisaged by Accounting Standard-22 – Accounting for Taxes on Income.

Note 34
Related Party Disclosure: No disclosure is required in the financial statements of state controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprise

Note 35
No provision has been made or considered necessary pursuant to AS 15 of ICAI for benefits including retirement benefits of staff of NHAI deployed with the company as the same are provided by employer entity, NHAI.

Note 36
Details of toll expenditure

Particulars	Current year (Rs.)	Previous year (Rs.)
Expenditure Maintenance on Highways	3, 52, 29,361	3, 51, 33,199
	-	-
Other Toll Expenses (including Printing & stationery, Toll Notification, Tender Notification, Insurance etc.)	54,964	NIL
Total	3, 52, 84,325	3, 51, 33, 199

Note 37
Management is making efforts for the appointing a company secretary as per requirement of section 203 of the Companies Act.

Note 38
Previous year's figures have been regrouped, rearranged and reclassified wherever deems necessary.

Note 39
After due discussion with Tax consultant and perusal of the records available with the company the amount of Rs.2,21,484/- due from I.Tax Authorities since 2005-06 onwards was found to be irrecoverable .Hence, the same has been written off in the books of accounts.

Note 40
During the FY 2016-17, an amount of Rs. 99,698/- related to Security deposit to BSNL, Shankar Gas Agency and CESU for Toll Plaza Electricity connection have been written off from the books of accounts as the same are found to be irrecoverable by the management.

SI. No.	Particulars	Year of Deposit	Amount (Rs.)
1	Paid to BSNL Cuttack for Ph-221908	2004-05	10000
2	Paid to M/s Sankar Gas Agency, Chandikhol for new LPG connection for office.	2004-05	750
3	Paid to M/s Shankar Agency, Chandikhol for new LPG connection for guest house.	2005-06	1,000
4	Security Deposit with CESU for Toll Plaza Electricity Connection.	2009-10	87,948
	TOTAL		**99,698**

Note 41
Note on Demonetisation

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on November, 8 2016	-	-	-
(+) Permitted Receipts	-	-	-
(-) Permitted Payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on December, 30 2016	-	-	-

MiscellaneousExpenditure(31st March,2016)

The miscellaneous expenditure have been amortised over a period of five years on commissioning of the project and commencement of commercial activities.

Note 20
Company has started toll collection w.e.f. 04.07.2009. Expenditure incurred in connection with the project has been capitalized in Toll Road Account & shown in fixed assets Note No. 8. Depreciation of Rs. 21,6,426,172/- on Toll Road has been charged in current financial year.

As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI and Paradip Port Road Company Ltd. in the ratio 3:1. The Establishment & Administrative Expenses of site office for 2015-16 was Rs.2,01,308/- out of which Rs.1,50,981/- has been transferred to NHAI account and Rs.50,327/- has been accounted for in the books of the company.

Note 21
Advances of previous year included Rs. 4,75,85,459/- (including interest from 01.07.2008 to 12.06.2010) deposited with court Registry pursuant to an order dated 24.02.2012 and further interim Appeal No.2/2012 in civil Appeal No.5162 of 2012 on dated.15.10.2012 Hon'ble Court has passed an order Rs,1,90,86,779/- and an amount of Rs,1,07,24,043.04 Totaling of Rs,2,98,10,822/- has been deposited on 23.11.2012 of hon'ble Supreme Court directing to deposit the amount awarded on a dispute of reimbursement of royalty on miner mineral. During the current year the review petition filed by the company has been dismissed by Hon'ble Supreme court. The same, incl. interest amounting to Rs.7.74 Crores has been capitalized during in the current year and depreciation from the period of collection of toll till 31st march 2015 has been charged to prior period expense amounting to Rs.1,81,56,378.

Note 22
All the Directors of the company are holding office in company as nominee's of National Highways Authority of India, the parent organization, hence no payment has been made to them as salary/allowance or otherwise.

Note 23
In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in the ordinary course of the business, would not be less than the amount mentioned.

Note 24
The approved cost of the project was Rs. 500.00 crores. However, the revised cost of Rs. 525.42 crore had been approved by competent authority. The estimated amount of contracts remaining to be executed on Capital Work is Rs. NIL as on March 31, 2016

Note 25
Earning per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has been derived as (-) Rs 3.05.

Note 26
No provision of Income Tax (Previous year Nil) has been made in the books of accounts in respect of Interest received from Bank on Toll deposit & other short term deposits. amounting to Rs.6.87L. The company has also provided for interest payable on subordinate loan availed from NHAI at rate intimated by NHAI , amounting to Rs.50,21,25,266/- on which provision towards TDS (I.T.) of Rs. 50,21,25,27/- has been made. Amount of loan from NHAI includes deposits made by NHAI as per direction of Hon'ble Court amounting to Rs. 73.95 crore . However this amount is to be borne by NHAI itself and NHAI has charged interest on the said amount @ 10.50%.

Note 27
Current account balance with NHAI (Holding Company) has been reconciled except with a difference of Rs. 28,37,135/-, which is underscrutiny and adjustment.

Note 28
There exists no specific agreement of loan with NHAI specifying the terms & conditions of loan. The loan given by NHAI is a subordinate-debt. The rate of interest charged on the basis of approval of the competent authority of NHAI.

Note 29
The balance of vendors/ service providers regarding their status of registration under the said Act and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished by the concerned agencies.

Note 30
Contingent Liabilities/Commitments:

Dispute No. 4 :-
M/S HCC Ltd.Vrs PPRCL "claim for cost of extra cement in concrete mix on account of instruction of change of mix design criteria to severe condition of exposure '(amounts to Rs.2.71er) Arbitration award in favour of PPRCL As per award of the Arbitration Tribunal there is no dues payable by PPRCL to M/s HCC Ltd. on account of Dispute-4. The matter is, however, pending to be settled. The contingent liability on these accounts as on 31.03.2016 is as follow:

	Particulars	Dispute No.	Amount (Rs. in Crores) (Current Year)	Remarks
1.	Cost of excess cement due to mix design for severe condition{HCC Ltd)	4	2.71	Arbitration award in favour of PPRCL

Note 31 a) Auditors' Remuneration: (Excluding Service Tax)

	2016	2015
Statutory Audit Fees (Rs.)	1,15,000	1,15,000
Tax Audit Fee	35,000	35,000

Note 32
There are no deferred tax assets or liability as envisaged by Accounting Standard-22 -Accounting for Taxes on Income.

Note 33
Related **Party Disclosure:** No disclosure is required in the financial statements of state controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprise.

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Note 34
No provision has been made or considered necessary pursuant to AS 15 of ICAI for benefits including benefits of staff of NHAI deployed with company as the same are provided by employer entity, NHAI.

Note 35
Prior Period Expenditure
There were some entries which are related to the Prior Period. Details of the same are as

Details of Prior Period Items				
From 01.04.2015 to 31.03.2016				
Period	**Head**	**Nature**	**Amount**	**Expenses related to**
Prior period expenses				
Jan-2015	Maintenance of Highways	Expenses	3,05,935	FY2014-15
Mar-2015	Maintenance of Highways	Expenses	67,867	FY2014-15
May-2014	Maintenance of Highways	Expenses	91,767	FY2014-15
Mar-2015	Legal exp.	Expenses	17,100	FY2014-15
Reflected under Administrative Expenditure (Note 19)			**4,82,669**	
	Depreciation	Expenses	1,81,56,378.11	
Reflected under Extraordinary Items (P/L)			1,81,56,378.11	
Grand Total			1,86,39,047.11	

Note 36
Management is making efforts for the appointing a company secretary as per requirement of section 203 of the Companies Act.

Note **37**
Previous year's figures have been regrouped, rearranged and reclassified wherever deems necessary.

The Prior Period Items were debited to Reserves & Surplus & not taken to the profit & loss account.

Note 20
As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI and Paradip Port Road Company Ltd. in the ratio 3:1. The Establishment & Administrative Expenses of site office for 2014-2015 was Rs.4,30,932/- out of which Rs.3,23,199/- has been transferred to NHAI account and Rs.1,07,733/- has been accounted for in the books of the company.

Note 21
Advances include Rs. 4,75,85,459/- (including interest from 01.07.2008 to 12.06.2010) deposited with court Registry pursuant to an order dated 24.02.2012 and further interim Appeal No.2/2012 in civil Appeal No.5162 of 2012 on dated.15.10.2012 Hon'ble Supreme Court has passed an order Rs,1,90,86,779/- and an amount of Rs,1,07,24,043.04 Totaling of Rs,2,98,10,822/- has been deposited on 23.11.2012 of hon'ble Supreme Comt directing to deposit the amount awarded on a dispute of reimbursement of royalty on miner minerals. No provision has been made in this regard as the matter is pending

Note 22
All the Directors of the company are holding office in company as nominee's of National Highways Authority of India, the parent organization, hence no payment has been made to them as salary/allowance or otherwise.

Note 23
In the opinion of the Management , Current Assets, Loans and Advances are stated at the value, which, if rea li zed, in the ordinary course of the business, would not be less than the amount mentioned.

Note 24
The approved cost of the project was Rs. 500.00 crores. However, the revised cost of Rs. 525.42 crore had been approved by competent authority . The estimated amount of contracts remaining to be executed on Capital Work is Rs. NIL as on March 31, 2015

Note 25
There were some entries which are related to the Prior period hence it has been taken to the Reserve & surplus instead of profit & loss account. Detail of the same is given as under :

Period to which Exp. Relates	**Nature of Expense**	**Amount.**
Feb-2014 (2013-14)	Exp on Maint. Of Highways	10,06,342/-
Mar-2014 (2013-14)	Exp on Maint. Of Highways	18,23,176/-
Mar-2014(2013-14)	**Exp**on Maint. Of **Hicliways**	6,07,725/-
Dec-2013 (2013-14)	**Legal** Fees	14,96,000/-
Total		49,33,243/-

Note 26
Earning per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants oflndia has been derived as (-) R2.72

Note 27
No provision of Income Tax (Previous year Nil) has been made in the books of accounts in respect of Interest received from Bank amounting to Rs.NIL. The company has eained Bank interest on toll fee deposit Rs.7,25,329/-. The company has also provided for interest payable on subordinate loan availed from NHAI at rate intimated by NHAI , amounting to Rs.44,26,64,538/- on which provision towards TDS (LT.) of Rs. 4,42,66,454/- has been made.

Note 28
CmTent account balance with NHAI (Holding Company) has been reconciled except with a difference of Rs. 4,13,550/-, which is under scrutiny and adjustment.

Note 29
There exists no specific agreement of loan with NHAI specifying the terms & conditions of loan. The loan given by NHAI is a subordinate-debt.

Note 30

The balance of vendors/ service providers regarding their status of registration under the said Act and hence d is closures, if any, relating to amounts unpaid as at the yearend together with interest paid /payable as required under the said act have not been furnished by the concerned agencies.

Note 31

Contingent Liabilities/Commitments:

(a) The contractor has claimed the royalty as per the increased rate on the total consumption of Sand, Moorum& Aggregate (Dispute-I). Liability of Rs. 4.76 Crores towards royalty arises on total consumption of material. The matter is in hearing stage at Hon'ble Supreme Colllt of India. FU1t her, it is to note that a sum of Rs.4.76 Crores has been deposited in favour of "The Registrar, Supreme Court of India" for stay of order. The matter is under sub judice of Hon'ble Supreme Court of India and another Rs,2.98,10,822/- has been deposited on 23.11.2012 on account of additional award of Arbitration dt.14.09.2010 for stay order.

(b) Non Payment for additional cost incurred by the Contractor on account of substantially more adverse ground conditions that could reasonably have been forssen at the time of tender i.e. for change in actual river Bed level for Bridge No.52/1 & 67/1 (Dispute-2). "The Case is under High court for further recommendation. The amount of Liability involved is Rs. 9.42 Crores.

(c) Payment of additional cost incurred in the extended period of contract (Dispute-6) on account of delay/compensation event on attributable of the Contractor for the period from 19.02.2007 to 15.06.2009, is under Arbitration. The contingent liability on these accounts Rs. 114.49 Crores.

Summary of as on 31.03.2015 is as follows:

SI No.	Particulars	Dispute No.	Amount (Rs. in Crores) (Current Year	Remarks
1	Non-reimbursement of increased Royalty on Sand, Moorum and Aggregate(HCC Ltd)	1	7.74	Case is under Hon'ble Supreme Court of India
2	Change in river bed level for Bridge No.52/1 & 67/l(HCC ltd)	2	9.42	Case is under DRB for further reccommendation
3	Extcntion of time for completion of Milestones	3	Not Quantified	Case is under DRB
4	Cost of excess cement due to mix design for severe condition(HCC Ltd)	4	-	Arbitration award in favour of PPRCL
5	Work executed below railing in Bridge Approaches.(HCC Ltd)	5	0	Amicably settlement
6	Payment of additional cost incurred in the extended period of contract.(HCC Ltd.)	6	114.49	Arbitration hearing is in Prom:ess

Note 32
a) Auditors' Remuneration: (Including Service Tax)

	2015	**2014**
Statutory Audit Fees (Rs.)	1,31,100	1,29,214

Note 33
The entity has unabsorbed depreciation & carry forward losses under the tax law, Deferred tax assets should recognized only to the extent that there is vi1iual certainty supp01ied by convincing evidence that sufficient future taxable income will be available against which such Deferred tax assets can be realized (Para 17 of AS -22)
There are no deferred tax assets or liability as envisaged by Accounting Standard- 22 - Accounting for Taxes on Income.

Note 34
Related Party Disclosure: No disclosure is required in the financial statements of state controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprise

Note 35
No provision has been made or considered necessary pursuant to AS 15 of ICAI for benefits including retirement benefits of staff of

NHAI deployed with the company as the same are provided by employer entity, NHAI.

Note 36 Details of toll expenditure

Particulars	Current year (Rs.)	Previous y ar (Rs.)
Other Toll Expenses (including calculation of APC, Printing & stationery, Toll Notification, Tender Notification, Insurance etc.)	89,888	30,544
Total	**89,888**	**30,544**

Note37 Management is making efforts for the appointing a company secretary as per requirement of section 203 of the Companies Act.

Note 38 Management is making efforts for the appointment of a Secretarial Auditor as per requirement of section 204 of the Companies Act.

Note39 Previous year's figures have been regrouped, rearranged and reclassified wherever deems necessary.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

1. Company has started toll collection w.e.f. 04.07.2009. Expenditure incurred in connection with the project has been capitalized inTollRoadAccount&showninfixedassetsNoteNo.8.Depreciation of Rs. 21,27,02,500/- on Toll Road has been charged in current financial year (PreviousyearRs.21,27,02,500/-).

   As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI and Paradip Port Road Company Ltd. In the ratio3:1. The Establishment & Administrative Expenses of site office for 2013-2014 was Rs.5,10,210/- out of which Rs.3,82,658/- has been transferred to NHAI account and Rs.1,27,552/- has been accounted for in the books of the company.

2. Advances include Rs. 4,75,85,459/- (including interest from 01.07.2008 to 12.06.2010) deposited with court Registry pursuant to an order dated 24.02.2012 and further interim Appeal No.2/2012 in civil Appeal No.5162 of 2012 on dated.15.10.2012Hon'ble Court has passed an order Rs,1,90,86,779/- and an amount of Rs,1,07,24,043.04 Totalin g of Rs,2,98,10,822/- has been deposited on 23.11.2012 of hon'ble Supreme Court directing to deposit the amount awarded on a dispute of reimbursement of royalty on minerminerals. No provision has been made in this regard as the matter is pending decision and sub judice

3. All the Directors of the company are holding office in company as nominee's of National Highways Authority of India, the parent organization, hence no payment has been made to the massalary/allowance or otherwise.

4. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which,if realized,in the ordinary course of the business, would not be less than the amount mentioned.

5. The approved cost of the project was Rs.500.00crores. However, the revised cost of Rs.525.42crore had been approved by competent authority. The estimated amount of contracts remaining to be executed on Capital Work is Rs. NIL as on March 31,2014

6. Earning per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has been deriveds(-)Rs.2.24.

7. No provision of Income Tax (Previous year Nil) has been made in the books of accounts in respect of Interest received from Bank amounting to Rs.NIL. The company has earned interest on toll fee deposit Rs.562465/-. The company has also provided for interest payable on subordinate loan availed from NHAI at rate intimated by NHAI , amounting to Rs.42,29,58,557/-on which provision towards TDS(I.T.)of Rs. 4,22,95,856/- has been made.

8. Current account balance with NHAI (Holding Company)has been reconciled except with a difference of Rs.1,85,178/-, which is under scrutiny and adjustment.

9. There exists no specific agreement of loan with NHAI specifying the terms & conditions of loan. The loan given by

NHAI is a subordinate-debt. The rate of interest charged on the basis of approval of the competent authority of NHAI.

10. The balanceofvendors/serviceprovidersregardingtheirstatusofregistrationunderthesaidActandhencedisclosures,if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished by the concerned agencies.

11. Contingent Liabilities/Commitments:

(a) The contractor has claimed the royalty as per the increased rate on the total consumption of Sand,Moorum&Aggregate (Dispute-1). Liability of Rs. 4.76 Crores towards royalty arises on total consumption of material. The matter is in hearingstageatHon'bleSupremeCourtofIndia.Further,itistonotethatasumofRs.4.76Croreshasbeendeposited in favour of "The Registrar, Supreme Court of India" for stay of order. The matter is under sub judice of Hon'ble Supreme Court of India and another Rs,2.98,10,822/-has been deposited on23.11.2012 on account of additionala ward of Arbitration dt.14.09.2010 for stay order.

(b) The dispute "work executed below railing in Bridge Approaches" (Dispute-5) has been settled amicably for Rs.2,00,10,325/-. Payment of additional cost incurred in the extended period of contract (Dispute-6) is under Arbitration.AsperawardoftheArbitrationTribunalthereisnoduespayableby PPRCL to M/s HCC Ltd. On account of Dispute-4.The contingent liability on these accounts as on 31.03.2013is as follow:

Sl No.	Particulars	Dispute No.	Amount (Rs. in Crores)
			Current Year
1	Non-reimbursement of increased Royalty on Sand, Moorum and Aggregate (Rs. 4.76 Cr +2.98Cr. have been deposited with Registrar of Hon'ble Supreme Court)	1	7.74
2	Change in river bed level for Bridge No.52/1 & 67/1	2	7.52
3	Cost of excess cement due to mix design for severe condition	4	-
4	Work executed below railing in Bridge Approaches	5	-
5	Payment of additional cost incurred in the extended period of contract.	6	142.70

12. a) Auditors' Remuneration: (Including ServiceTax)

	2014	2013
Statutory Audit Fees(Rs.)	129214	129214

13. There are no deferred tax assets or liability as envisaged by accounting standard-22–Accounting for Taxes on Income.

14. Related Party Disclosure: No disclosure is required in the financial statements of state controlled enterprises as regards relatedpartyrelationshipswithotherstatecontrolledenterprisesandtransactionswithsuchenterprise

15. No provision has been made or considered necessary pursuant to AS 15 of ICAI for benefits including retirement benefits of staff of NHAI deployed with the company as the same are provided by employer entity, NHAI.

16. Details of toll expenditure

Particulars	Currentyear(Rs.)	Previous year(Rs.)
Other Toll Expenses (including Printing & stationery, Toll	-	-

Notification,		
Tender Notification, Insurance etc.)	30,544	1,03,792
Total	30,544	1,03,792

17. Management is making efforts for the appointing a company secretary as per requirement of section 383A of the Companies Act.

18. Previousyear'sfigureshavebeenregrouped,rearrangedandreclassifiedwhereverdeemsnecessary.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

1. Company has started toll collection w.e.f. 04.07.2009. Expenditure incurred in connection with the project has been capitalized in Toll Road Account & shown in fixed assets Note No.8.Depreciation of Rs.21,27,02,500/-on Toll Road has been charged in current financial year (Previous yearRs.21,47,38,486/-).

As per arrangement with NHAI, the Establishment & Administrative Expenses of site office has been apportioned between NHAI and Paradip Port Road Company Ltd. In the ratio 3:1.The Establishment & Administrative Expenses ofsite office for 2012-2013 was Rs.11,90,694/- out of which Rs.8,93,021/- has been transferred to NHAI account and Rs.2,97,673/- has been accounted for in the books of the company.

2. Advances include Rs. 4,75,85,459/- (including interest from 01.07.2008 to 12.06.2010) deposited with court Registry pursuant to an order dated 24.02.2012 and further interim Appeal No.2/2012 in civil Appeal No.5162 of 2012 on dated.15.10.2012 Hon'ble Court has passed an order Rs,1,90,86,779/-and an amount of Rs,1,07,24,043.04 Totaling of Rs,2,98,10,822/-has been deposited on 23.11.2012 of Hon'ble Supreme Court directing to deposit the amount awarded on a dispute of reimbursement of royalty on minerminerals. No provision has been made in this regard as the matter is pending decision and subjudice.

3. All the Directors of the company are holding office in company as nominees of National Highways Authority of India, the parent organization; hence no payment has been made to the massalary /allowance or otherwise.

4. In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which, if realized, in theordinarycourseofthebusiness,wouldnotbelessthantheamountmentioned.

5. The approved cost of the project was Rs. 500.00 crores. However, the revised cost of Rs. 525.42 crores had been approved by competent authority. The estimated amount of contracts remaining to be executed on Capital Work isRs. NIL as on March 31,2013

6. Earning per Share pursuant to "Accounting Standard-20" issued by Institute of Chartered Accountants of India has been derived as (-)Rs.2.28.

7. No provision of Income Tax(Previous year Nil) has been made in the books of accounts in respect of Interest received from Bank amounting to Rs.18,3793. The company has earned interest (i) on short term deposit out of idle funds amounting to Rs.1,11380/- & (ii) on toll fee deposit Rs.72,413/-. The company has also provided for interest payable on subordinate loan availed from NHAI at rate intimated by NHAI , amounting to Rs.39,67,01,182/- on which provision towards TDS (I.T.) of Rs.3,96,70,118/- has been made.

8. Current account balance with NHAI (Holding Company)is subject to reconciliation.

9. There exists no specific agreement of loan with NHAI specifying the terms & conditions of loan. The loan given by NHAI is a subordinate-debt. The rate of interest charged on the basis of approval of the competent authority of NHAI.

10. The balance of vendors/ service providers regarding their status of registration under the said Act and hence disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid/payable as required under the said act have not been furnished by the concerned agencies.

11. Contingent Liabilities/Commitments:

(a) The contractor has claimed the royalty as per the increased rate on the total consumption of Sand, Moorum& Aggregate(Dispute-1).LiabilityofRs.4.76Crorestowardsroyaltyarisesontotalconsumptionofmaterial.Thematter is in hearing stage at Hon'ble Supreme Court of India. Further, it is to note that a sum of Rs.4.76 Crores has been deposited in favour of "The Registrar, Supreme Court of India" for stay of order. The matter is under sub judice of Hon'ble Supreme Court of India and another Rs,2.98,10,822/- has been deposited on 23.11.2012 on account of additional award of Arbitration dt.14.09.2010 for stay order.

(b) The dispute "work executed below railing in Bridge Approaches" (Dispute-5) has been settled amicably for Rs.2,00,10,325/-. Payment of additional cost incurred in the extended period of contract (Dispute-6) is under Arbitration. As per award of the Arbitration Tribunal there is no dues payable by PPRCL to M/s HCC Ltd. on account of Dispute-4.The contingent liability on these accounts as on 31.03.2013 is as follow:

(C) The contingent liability, noted in Financial Year 2010-11, on account of demand for TCS by Income Tax department has been finalized & the department has issued order in favour of PPRCL. Hence, no liability is recognized on account of TCS matter in Financial Year2012-13.

Sl No.	Particulars	Dispute No.	Amount (Rs. in Crores)
			Current Year
1	Non-reimbursement of increased Royalty on Sand, Moorum and Aggregate (Rs. 4.76 Cr +2.98Cr. have been deposited with Registrar of Hon'ble Supreme Court)	1	7.74
2	Change in river bed level for Bridge No.52/1 & 67/1	2	752
3	Cost of excess cement due to mix design for severe condition	4	-
4	Work executed below railing in Bridge Approaches	5	-
5	Payment of additional cost incurred in the extended period of contract.	6	142.70

12. a) Auditors' Remuneration: (Including Service Tax)

	2013	2012
Statutory Audit Fees(Rs.)	12,9214	12,6845

13. There are no deferred tax assets or liability as envisaged by accounting standard-22–Accounting for Taxes on Income.

14. Related Party Disclosure: No disclosure is required in the financial statements of state controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprises.

15. Tax at source has been deducted & deposited on total payment made to OFDC on account of payment made to OFDC for deposit work.

16. No provision has been made or considered necessary pursuant to AS 15 of ICAI for benefits including retirement benefits of staff of NHAI deployed with the company as the same are provided by employer entity, NHAI.

17. Details of toll expenditure

Particulars	Current year (Rs.)	Previous year (Rs.)
Remuneration, Agency Charges, & Reimbursement to DGR Agency	-	-
Electricity Charges	-	-
User Fee Auditor	-	-
TS & ATS Payment	-	-

Other Toll Expenses (including Printing & stationery, Toll Notification, Tender Notification, Insurance etc.)	1,03,792	2,86,277
Total	1,03,792	2,86,277

18. Management is making efforts for the appointing a company secretary as per requirement of section 383A of the Companies Act.

19. SPV being subsidiary of NHAI, employees on pay roll of it are deployed for attending the work of SPV in addition to working for NHAI Projects, no service tax was charged by NHAI. However, opinion is being sought about applicability of the provision of service tax in the light of the clarification issued to ONGC on the applicability of service on staff on deputation by service tax authority.

20. No provision has been made or considered necessary for demand of TDS (TCS) raised by ACIT for A.Y.2010-2011, A.Y. 2011-2012 & 2012-2013 totaling Rs. 44.06 Lacs.as order in favour of PPRCL has been passed.

21. Previous year's figures have been regrouped rearranged and reclassified wherever deemed necessary.

22. As per notification No. G.S.R. 298(E)[F.No. 17/292/2011, CL-V]. Dated 17.04.2012 in relation to Intangible Assets (Toll Road) created under Build Operate & Transfer, Build Own Operate and Transfer or any other form of Public Private Partnership route , there has been alterations in the Schedule XIV of the Companies Act 1956, resulting in change in the system of Depreciation on Intangible Assets. As per the amended system, depreciation on Intangible Assets is to be charged in different years, based on the revenue earnings of the year in proportion to Projected Revenue from Intangible Assets till the end of concession period.

Management is advised that the notified alteration is applicable only to Public Private Partnership companies and not to the company being a PSU. In view there of ,the Management has not considered the changes in the depreciation system, as per the amended Schedule XIV of the Companies Act, 1956 and consequently the effect of the same on the financial statements of the company has not been ascertained. However, as measure of abundant caution, the management proposes to refer the matter for opinion of the Expert Advisory Committee of ICAI.

23. Additional information pursuant to Part IV of Schedule VI to Companies Act,1956 has been attached here with.

Statement of Accounting Ratios **Annexure-VII**

PARTICULARS	2017	2016	2015	2014	2013
Earning per share (Basic/Diluted) (`)	-2.5	-3.05	-2.72	-2.24	-2.28
Return on net worth (%)	NA	NA	NA	-22.43%	-100.03%
Net asset value per equity share (`)	-8.24	-5.74	-2.69	0	2.28
Weighted average number of equity shares outstanding during the year / period (in crore)	19	19	19	19	19
Total number of share outstanding at the end of the year / period (in crore)	19	19	19	19	19
Debt Equity Ratio	-3.81	-5.20	-8.99	1.07	9.44

Notes:

The ratios have been computed as below:

Earning perShare(`) = Profit after tax / Number of equity shares at the end of the year.

Return on networth(%)	=	Profit after tax/Net Worth at the end of the year.
Netassetvalueperequityshare(Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year.
Debtequity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

PARADIP PORT ROAD COMPANY LIMITED

Qualification/Emphasis of Matter paragraph to Auditors' Reports: **Annexure-VIII**

Year Ending March 31,2017

We draw attention to:

a) Note No 29: The loan of Rs.596. l 3 crores from NI!AI includes amount paid by NI IAI (Rs.73.95 Crores) as per the directions of the hon'ble court. The amount is required to be borne by NHAI itself and not by M/sParadip Port Road Limited. however, the holding company, M/s NHAI has charged interest on the said amount as well which has been taken up for reversal.

b) Note No 35: The company is not following AS-15 in providing liability for retirement benefits of staff of the holding company deployed in the company for the reason stated.

c) Note No 37: Non compliance of Provisions of Section 203 of Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, in not having Company Secretary.

d) Salary of employees working at Bhubaneshwar site being borne by NHAI have not been provided in the books of the accounts of the subsidiary (i.e. M/s PPRCL). Similarly, retirement benefit to employee are not allocated.

e) Invitation for tender of "User fee collection agency" is not being done proactively on time, resulting in extension of contract beyond the period stipulated in the tender. Delay in allotment of tender has resulted in loss of Revenue to company. The revenue generated to the company in the lapsed period was Rs. 7,51,654/- per day whereas post new competitive tendering, the revenue got increased to Rs. 10,76,000/- per day.

f) The contract for short Term improvement, operation and routine maintenance for the stretch of Chandikhole was awarded to M/s Eagle Infrastructure India Ltd. For a period of 6 months ending on 31.10.2015. No sincere efforts were made to finalise the O&M estimate and float the new tender for maintenance work. Instead award was extended for a period of 12 months over & above the original contract with a financial variation of Rs. 2.15 crore [revised value being Rs. 4.97 crore as against the original value of Rs. 2.82 crore]. Although, the action has been got ratified by the Board on 23.12.2016, we consider such acts as unacceptable & so the same stand accordingly reported. Our observation on such acts is further strengthened by the fact that one year hence, when the bids were reinvited, the contract finally was awarded to M/s Sincere construction w.e.f. January, 2017 @ -25.50% of the estimated amount of Rs. 5.74 crore as against +8.46% of the estimated amount given by CMEC. Further, while running of operation and maintenance contract with M/s Eagle Infrastructure India Ltd. the contract price got increased to Rs. 4,97 crore but security deposit of 10% was maintained at original award of Rs. 2.82 crore only.

g) Performance security received from Toll collection agencies is being transferred to RO, Odisha account. Therefore the interest earned on the said fund was credited to RO account. Since the toll collection agencies were appointed by PPRCL & performance security was deposited as per contract under the control & ownership of PPR.CL as PPRCL is a separate legal entity registered under companies Act 1956, therefore interest on should have transferred to PPRCL account from Odisha RO Account.

h) During past year, it was reported that the assessment of Toll Revenue had not been done since year 2013.The survey has been got conducted by IHMCL basis Traffic during 10.12.16 to 16, 12.16 and according to that collection [after taking into account the reasonable variances & after meeting the administrative cost & contractor's profit margins] should come to Rs.43.30 crore asagainst Rs.32 crore (earned during 2016-17).The system of awarding the tender of collection to parties against fixed consideration needs review in light of the estimated revenue loss suffered

i) While inviting tender for the improvement, operation and routine maintenance contract there was a non-refundable fees of Rs. 25000/- received from each party who was interested & participating in the tendering process. However, the non-refundable amount is not booked in books of accounts of M/s PPRCL.

j) Confirmation have not been received from sundry creditors lying in the books for several years. In absence of the same, it cannot be confirmed if the liabilities recorded in the books are correct.

Year Ending March 31,2016

We draw attention to

a) Note No.26 : The loan of Rs.566.72 crores from NHAI includes amount paid by NHAI (Rs.73.95 Crores) as per the directions of the hon'ble court. The amount is required to be borne by NHAI itself and not by M/s Paradip Port Road Limited. However, the holding company, M/s NHAI has charged interest on the said amount as well which has been taken up for reversal.

b) Note No. 27 &28 : Although confirmation of account could not be received, the statement of account as received from its holding company, M/s NHAI shows a difference of Rs.28.37 lacs which can lead to change in profitability of the company. Also, there is no specific agreement for the sub-ordinate debt given by NHAI and the interest is charged by NHAI basis its cost of funds.

c) Note No 34: The company is not following AS -15 in providing liability for retirement benefits of staff of the holding Company deployed in the company for the reason stated.

d) Note No 37: Non compliance of Provisions of Section 203 of Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in not having company Secretary.

e) Note No. 38: Non compliance of Provisions of Section 204 of Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in not having Secretarial Auditor.

f) Labour cess of Rs.12,303/= payable to Orissa building welfare fund & other construction workers is outstanding since 09.04.2012 .the cheque for the same was issued but never got cleared & thereafter the amount stands outstanding.

g) Salary, rent, electricity & other expenses for employees and office of NHAI & being borne by NHAI used at the Bhubaneshwar site have not been provided in the books of the accounts of the subsidiary (i.e. *M/s* PPRCL). Similarly, retirement benefit to employee are not allocated to PPRCL.

h) Contract for operation & management work of Toll road was given to **M/S** Eagle infra india limited which expired on 31st oct 2015. The same included contract for repair as well as O&M of toll road. A new bid for handling O&M was however not invited. Instead extension of the existing contract is allowed in principle without defining the amount. As per management, only incidental management was allowed to *M/s*Eagle infra india ltd. During the extension period no financial sanction are however available for expenses of Rs.47 lacs provided as a liability to Eagle Infra India ltd.

i) Performance security received from Toll collection agencies is being transferred to RO, Odisha account. Therefore the interest earned on the said fund was credited to RO account Since the toll collection agencies were appointed by PPRCL & performance security was deposited as per contract under the control & ownership of PPRCL as PPRCL is a separate legal entity registered under companies Act 1956, therefore interest earned on performance security should have been transferred to PPRCL account from Odisha RO Account.

j) The last internal survey report from commercial operations division was last carried out in the year 2013. There were three bids for toll collection contracts during the year. The toll collection during the year 2015-16 itself has fallen from Rs.6.22 lacs per day to Rs.4.27 Lacs per day. The management, however, does not have any substantiated justification for the same and the absence of internal survey reports w.r.t. realistic collectible toll from the highway road clearly shows that the process of bidding requires strengthening.

k) Amount of Rs. I 4,96,000 was paid to *M/S* Delloitte for providing services for proposal for comprehensive financing & legalities for transferring of assets & liabilities of all SPVs to NHAI during 2014-15. The amount was to be segregated among 9 SPVs which got missed out to be distributed in the referred year. The same has still not been charged to different SPVs during the F.Yr.2015-16.

l) Confirmations have not been received from Sundry creditors lying in the books for several years. In absence of the same, it cannot be confirmed if the liabilities recorded in the books are correct.

m) A lot of small amounts stand as recoverable from Income Tax authorities (adding upto Rs.2.26 Lacs) in the Balance sheet. These pertain to Years 2005-06 and onwards. But, there is no follow up by the company for recovery of these amounts and the company is also not sure these amounts can actually be recovered

<u>Year Ending March 31,2015</u>

We draw attention to:

a) Note No 21: Not providing liability and carrying this amount in advances for amount deposited pursuant to the order of Hon'ble Supreme Court of India for reason stated.

b) Note No 35: The company is not following AS-15 in providing liability for retirement benefits of staff of the holding company deployed in the company for the reason stated.

c) Note No 37: Non compliance of Provisions of Section 203 of Compannies Act 2013 read with Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014, in not having company Secretary.

d) Note No. 38: Non compliance of Provisions of Section 204 of Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in not having Secreterial Auditor.

e) There was a payment of Rs. 6.05 Crores, claimed by one of the toll collecting agency M/s Skylark Securities Pvt. Ltd. for various period in respect of force majeure claims, which comprises the following amounts:

S. No.	**Period**	**Reason for claiming Force Majeure**	**Duration**	**Amount Paid**
1	09.10.2013 to 18.10.2013	Philin Cyclone	10 days	52,28,250/-
2	05.04.2014 to 20.04.2014	Losses due to banning of movement of trucks	16 days	39,58,288/-
3	20.05.2014 to 18.09.2014	Losses due to closure of 26 mines by order of Hon'ble Supreme Court	123.33 days	5,13,13,398/-
Total				**6,04,99,936/-**

On the above given issues Toll Collecting Agency claimed force majeure referred to the clause no. 25(b) of the contract agreement dated between Skylark Securities Pvt. Ltd. & PPRCL.

Losses due to closure of 26 mines by order of Hon'ble Supreme court and losses due to banning movement of trucks

During the period Toll Collecting Agency M/s Skylark Securities Pvt. Ltd. vide letter no SSPL/NHAI/SRIRAMPURTP/2014-15/40 dated 19.08.2014 claimed Compensation of Rs. 5,53,44,585/- under the force majeure clause 25 (b) (vi) (vii) with effect from 20.05.2014 to 31.07.2014 towards losses due to closure of mines.
The company again took the matter with R.O. with claim Rs. 5,33,25,927/- towards losses due to closure of mines & Rs. 78,52,153/- towards "losses due to banning of trucks. Out of which R.O. NHAI on 15.01.2015 intimated the company that approval was given to competent authority for the force majeure claim amounting to Rs. 5,52,73,077/- for both the claims which included Rs. 5,13,13,398/- towards losses due to closure of mines & Rs. 39,58,288/- towards "losses due to banning of trucks, which was paid by the company to Toll Collecting Agency on Dated 18.03.2015.

As per Clause 25(b) of the contract states that any decision or order of the Supreme Court which has a material adverse effect on the performance of the obligation of the parties to this contract, force majeure condition may applied. However, it is seen that the order of Supreme Court on closure of mines did not create any material effect on the performance of the toll agency. Even in that affected period Toll was collected by the agency on regular basis. However, toll revenue was substantially less as compared to toll collection envisaged.

Moreover as per the contract procedure for force majeure is that the party claiming relief shall give notice within seven days of the occurrence of the event, however in this case as per information & explanation made available to us notice was served after Seven days. Hence, the agency seems not to be entitled for the claims under force majeure.

f) According to the information and explanations given to us, there are no material dues of tax, duty and cess which have not been deposited with the appropriate authorities on account of any dispute, However, according to information and explanation given to us, the following dues of TDS has not been deposited by the company on account of defaults.

This amount has not been provided as contingent liability on the books of accounts.

S. No.	**Financial Year**	**Quarter**	**Form Type**	**Amount**
1	2007-08	Q1	26Q	1,06,990
2	2007-08	Q4	26Q	5,87,930
3	2008-09	Q4	26Q	5,85,010
4	2009-10	Q2	26Q	630
5	2009-10	Q4	26Q	3,54,910
6	2010-11	Q4	26Q	7,42,150
7	2011-12	Q1	26EQ	23,230
8	2011-12	Q2	26Q	1,240

9	2011-12	Q2	26EQ	13,220
10	2011-12	Q3	26Q	9,890
11	2011-12	Q3	26EQ	7,150
12	2011-12	Q4	26Q	750
13	2011-12	Q4	26EQ	5,220
14	2012-13	Q2	26Q	650
15	2012-13	Q4	26EQ	11,770
16	2014-15	Q3	26Q	1,56,330
Total				26,07,070

Our report is not qualified in respect of these matters.

Year Ending March 31,2014

We draw attention to:

a) Accounting Policy Revised Note I(f): Considering appointed date for commencement of Concession Period as the date of the Concession Agreement, while as per the Concession Agreement ,appointed date meant the date on which Financial Close was achieved i.e. 240 days extendable for a further period of 90 days from the date of the Concession Agreement ,resulting in reduced span of concession period of 30 years with impact on depreciation charged, on the ground that the Company had not availed any financial assistance other than from the holding company and further that the date of concession agreement has been taken with the approval of Competent Authority and signed by the two parties.

b) **Note No. 21:** Not Providing liability and carrying amount in advances for amount deposited pursuant to the order of the Hon'ble Supreme Court of India for reason stated.

c) **Note No.** 34: Non Following of AS 15 in providing liability for retirement benefits of staff of the Holding Company deployed in the Company for the reasons stated.

d) Note No. 36: Non-compliance of provisions of Section 383A of the Companies Act 1956 in not having a Company Secretary.

Year Ending March 31, 2013

Emphasis ofMatter

We draw attention to:

1. Accounting Policy **Revised Note II (f)**:Considering appointed date for commencement of Concession Period as the date of the Concession Agreement ,while as per the Concession Agreement, appointed date meant the date on which Financial Close was achieved i.e.240 days extendable for a further period of 90 days from the date of the Concession Agreement, resulting in reduced span of concession period of 30 years with impact on depreciation charged, on the ground that the Company had not availed any financial assistance other than from the holding company and further that the date of concession agreement has been taken with the approval of Competent Authority and signed by the two parties.

2. **Revised Note No.2** to the Notes to Accounts forming part of the financial statements not providing liability and carrying amount in advances for amount deposited pursuant to the order of the Hon'ble Supreme Court of India for reason stated.

3. **RevisedNoteNo.8**totheNotestoAccountsformingpartofthefinancialstatements:
   Pending reconciliation of balance with the Holding Company of its current account and consequential effect, if any on reconciliation.

4. **Revised Note No. 16** to the Notes to accounts of the financial statements:
   Non following as AS 15 in providing liability for retirement benefits of staff of the Holding Company deployed in the Company.

5. **Revised Note No.18** to the Notes to accounts of the financial statements:
   Non compliance of provisions of Section 383 of the Companies Act 1956 in not having a Company Secretary.

6. **RevisedNoteNo.19**totheNotestoaccountsofthefinancialstatements:
   Impact, if any on chargeability of Service Tax on staff of the Holding Company deployed in the Company pending result of the opinion being sought.

7. **RevisedNoteNo.22**totheNotestoaccountsofthefinancialstatements:
   Depreciation/Amortization of Toll Road has been provided on the same basis as in the preceding years/s instead of method stipulated in Corporate Affairs Notification No. G.S.R. 298 (E) dated 17th April 2012. The changed methodology for Amortization require total revenue to be reviewed at the end of each financial year and the projected revenue be adjusted to reflect any changes in the estimate leading to the actual collection at

the end of the concession period. The Company continues to amortize Toll Roads by dividing the cost of construction by the concession period of 30 years as done in earlier years. For reasons stated in the note, the notification of change in amortization does not apply to partnership between two public sector undertakings and hence no effect is anticipated.

Our opinion is not qualified in respect of these matters.

Annexure to the Auditor's Report

i) The company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 and hence clause no. (a), (b) (c) & (d) no applicable.

a. The Company has not taken loans from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 *except the interest-bearing unsecured loan (sub-debt)taken from one of its Holding Company (NHAI). No agreement of terms and conditions has been entered and the interest charged by the lending Company is as approved by the Competent Authority of the Lending Company, which we are informed*, has been calculated on the basis of average rate of interest on bank deposits. We are not in a position to give an opinion, whether the rate charged is prima facie prejudicial to the interest of the company or not.

b. *In the absence of any formal loan agreement, we are not able to offer any comment on the regulatory or otherwise of the payment of principal and the interest*.

INDEPENDENT AUDITOR'S REPORT

The Board of Members

NATIONAL HIGHWAY AUTHORITY OF INDIA

G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF TUTICORIN PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), IN THE FINANCIAL YEAR 2018-2019 ("ISSUE").

1. We have read the reformatted financial information of **Tuticorin Port Road Company limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Bharatmala Bonds /Auditor/2018-19 dated September 6, 2018, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2017, 2016, 2015, 2014 and 2013, which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2016-17	Mahalwala & Co
2015-16	S.R. Dinodia & Co. LLP
2014-15	S.R. Dinodia& Co. LLP
2013-14	S.R. Dinodia& Co. LLP
2012-13	S.R. Dinodia& Co.

We have placed reliance on the audit reports of these auditors for the respective years.

2. Management's Responsibility

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted

financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Schedule III of the Companies Act, 2013.

3. Auditor's Responsibility

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013,and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. Financial Information as per Audited Financial Statements

We have read the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2013 to 31st March, 2017 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'**.

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Schedule III of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2017. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31,2017.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013.

v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in “Rs. in Lacs” for the convenience of the readers.

vii. There are qualifications in the auditor’s report on financial statements as on and for the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 which are reproduced in Annexure VIII.

5. *Attention is drawn to the following*:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, adjustments of amounts pertaining to mathematical accuracy and adjustment of amounts arising out of auditor’s qualifications.

6. Other Reformatted Financial Information of the Company:

At the company’s request we have read the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in

connection with the proposed issue of Bonds of the Authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31,2017.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner
Membership No- 098358

Date: 25 September 2018
Place: Ghaziabad

TUTICORIN PORT ROAD COMPANY LIMITED REFORMATTED
STATEMENT OF ASSETS AND LIABILITIES

Annexure-I
(Rs. Lakhs

Particulars	Notes	As at March31,2017	As at March 31,2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES						
SHAREHOLDERS' FUNDS						
(a) Share Capital	2.1	12,370.00	12,370.00	12,370.00	12,370.00	7,662.56
(b)Reserves & Surplus		-8,350.60	-6,469.14	-4,575.75	-2,390.40	-
(c) Share Application Money pending allotment	2.2	-		1,119.00	-	37.44
NON-CURRENT LIABILITIES						
(a) Long Term Borrowings	2.3	14,479.66	14,294.66	14,122.66	13,127.66	12,688.92
(b) Other Liabilities	2.4	740.45	740.45	740.45	740.45	580.72
CURRENT LIABILITIES						
(a) Trade Payables	2.5	391.15	187.19	212.88	197.78	217.85
(b) Other Current Liabilities	2.6	5,834.73	4,122.20	3,724.68	3,440.21	6,686.76
(c) Short Term Provisions	2.7	-			-	0.62
		-	-	-	-	-
		25,465.39	**25,245.36**	**27,713.92**	**27,485.70**	**27,874.88**
ASSETS						
NON-CURRENT ASSETS						
(a) Fixed Assets						
(i) Inangible Assets	2.8	21,081.10	22,326.53	23,576.38	24,011.34	-
(i) Tangible Assets	2.8	0.05	0.06	0.08	0.62	0.68
(ii) Capital Work in Progress	2.9	-			-	24,356.39
(b) Long Term Loans & Advances	2.1	40.33	40.33	24.14	7.74	1,117.89
(c) Other Non Current assets	2.11	1,134.00	1,126.17	2,892.09	2,912.36	1,332.71
CURRENT ASSETS			-	-	-	-
(a) Cash and Cash Equivalents	2.12	39.52	170.91	161.58	166.92	1,061.80
(b) Short Term Loans & Advances	2.13	0.15	0.42	0.11	0.08	0.08
(c) Other Current Assets	2.14	3,170.24	1,580.93	1,059.54	386.65	5.30
TOTAL		**25,465 .39**	**25,245.36**	**27,713.92**	**27,485.70**	**27,874.88**

Annexure II

Tuticorin Port Road Company Limited **Statement of Profit & Loss for the period from 1st April, 2013 to 4th April, 2013**		
Particulars	**Notes**	**For the period from 1th April, 2013 to 4th April, 2013 (Amount in Rs.)**
Operating Revenue Other Income		-
Total		-
Expenses		
Employee Benefit Expenses		6,950
Financial Cost		1,720,099
Depreciation		67
Administrative and Other Expenses		
Total		1,727,116
Profit/(Loss) before tax		(1,727,116)
Less: Prior Period Adjustment		-
Net Profit (Loss) before taxation		(1,727,116)
Provision for taxation		
- CurrentTax		
- Tax Adjustment for earlieryears		0.00
Net Profit/(Loss) after taxation		(1,727,116)
Brought Forward Unallocated Excess from last year		(132,671,116)
Balance Unallocated Excess carried over to capital work in progress		(134,398,662)

TUTICORIN PORT ROAD COMPANY LIMITED REFORMATTED
STATEMENT OF PRE-OPERATIVE EXPENDITURE ACCOUNT

Annexure-II
(Rs. Lakhs

	Notes	For the Year ended March 31, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2015	For the Year ended March 31, 2014	For the Year ended March 31, 2013
Pre-Operative Income						
Revenue from Operations	2.15	1468.8	1516.86	1010.12	386.42	386
Other Income		78.77	1.3	12.55	40.72	50.4
TOTAL		**1547.57**	**1518.16**	**1022.67**	**427.13**	**436.82**
Pre-Operative Expenses						
Employees Benefit Expenses	2.16	9.44	9.03	7.11	6.27	3.74
Financial Cost	2.17	1791.12	1990.15	1712.9	1552.39	1,294.58
Depreciation	2.18	1246.45	1249.87	1214.15	1169.44	0.9
Other Expense		382.02	161.66	273.21	89.44	6.45
TOTAL		**3429.03**	**3410.71**	**3207.37**	**2817.54**	**1305.67**
Excess/(Short) of Preoperative Income Over Expenses		-1881.46	-1892.55	-2184.71	-2390.4	-1255.28
Less: Prior Period Adjustment		-	-			-
Net Profit (Loss) before taxation		-1881.46	-1892.55	-2184.71	-2390.4	**-1,255.28**
Provision for taxation						
- Current Tax		-	-		-	2.76
- Tax adjustment for earlier years Net Profit (Loss) after taxation		-	0.84	0.13	-	0.29
Net Profit (Loss) after taxation		-1881.46	-1893.39	-2184.83	-2390.4	-1,258.33
Brought Forward Unallocated excess from last year						-68.39
Balance unallocated Excess Carried over to Capital Work in Progress		**-1881.46**	**-1893.39**	**-2184.83**	**-2390.4**	**-1,326.72**
Earning per equity share:						
Equity share of Par value Rs.10/-each						
Basic		-1.52	-1.53	-1.77	-2.33	
Diluted		-1.52	-1.53	-1.77	-2.33	

REFORMATTED CASH FLOW STATEMENT

Particulars	For the Year Ending 31.03.2017	For the Year Ending 31.03.2016	For the Year Ending 31.03.2015	For the Year Ending 31.03.2014	For the Year Ending 31.03.2013
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before Tax as per Statement of Profit & Loss	**-1,881.46**	**-1,892.55**	**-2,184.71**	**-2,390.40**	
Add : Adjustment for :-					
- Depreciation / Amortisation	1,246.45	1,249.87	1,214.15	1,169.44	0.00
- Interest Paid	1,791.12	1,990.15	1,712.90	1,569.59	0.00
- Interest Income	-62.32	-1.30	-12.49	-40.65	0.00
- Tax adjustment for prior period	0.00	-0.84	-0.13	0.00	0.00
Adjusted for:-	0.00	0.00	0.00	0.00	0.00
Increase /(Decrease) in Current Liabilities	1,712.53	397.40	284.47	-3,221.21	0.00
(Increase) / Decrease in Current Assets	-1,589.03	-521.39	-653.77	-381.34	0.00
Other Receivable/Payable	203.96	-25.57	15.10	-46.04	0.00
Direct Tax paid net of Refund, if any	0.00	0.00	1.84	-14.68	0.00
Net Cash generated from Operating Activities (A)	**1,421.25**	**1,195.78**	**377.37**	**-3,355.30**	-
NET CASH FLOW FROM INVESTING ACTIVITIES					
Interest Income	62.32	1.30	12.49	40.65	50.40
Interest Transferred to Capital Work in Progress	0.00	0.00	0.00	0.00	-50.40
Finance Expenses Transferred to Capital Work in Progress	0.00	0.00	0.00	0.00	1,294.54
Increase In Fixed Assets	-1.00	0.00	-779.17	-824.32	0.90
Increase /-Decrease in Other Capital Assets	0.00	-0.32			
Increase /-Decrease in Capital Work in Progress	0.00	0.00	1.31	0.00	-6,608.66
Other current liabilities	-7.84	1,749.72	-17.11	0.00	4,517.50
Other current assets	0.00	0.00	0.00	-454.81	-5.30
Increase/Decrease in long term advances	0.00	0.00	0.00	0.00	-7.72
Increase/Decrease in short term advances	0.00	0.00	0.00	0.00	435.12
Other Non Current assets	0.00	0.00	0.00	159.73	-324.44
Other Long Term Liablities	0.00	0.00	0.00	0.00	-1.80
Income Tax Paid	0.00	0.00	0.00	0.00	-0.24
Net Cash (used) in Investing Activities (B)	**53.48**	**1,750.71**	**-783.81**	**-1,078.75**	**-700.09**
CASH FLOW FROM FINANCING ACTIVITIES					
Finance expense paid	-1,791.12	-1,990.15	-1,712.90	-1,569.59	-1,294.54
Proceeds from Issuance of Share Capital	0.00	0.00	1,119.00	4,670.00	-
Increase in Share application money pending allotment	0.00	0.00	-	0.00	-
Proceeds from long term borrowings	185.00	172.00	995.00	438.74	2,424.00
Share Application Money Returned	0.00	-1119.00	**0.00**	0.00	-
Net Cash (used) in Financing Activities (C)	**-1,606.12**	**-2937.15**	**401.10**	**3,539.15**	**1,129.46**
Increase in Cash and equivalent (A+B+C)	-131.39	9.33	-5.34	-894.89	429.37
Cash & cash equivalents at the beginning of the year	170.91	161.58	166.92	1,061.82	632.45
Cash & cash equivalents at the end of the year	39.52	170.91	**161.58**	**166.92**	**1,061.82**

TUTICORIN PORT ROAD COMPANY LIMITED REFORMATTED							
Calculation Accordance with SLM Method							
Reformatted Fixed Assets							**Annexure-IV**
		Depreciation	**W.D.V as on**	**W.D.V as on**	**W.D.V as on**	**W.D.V as on**	**W.D.V as on**
Sl.	**Particulars**	**Rate**	**31.03.2017**	**31.03.2016**	**31.03.2015**	**31.03.2014**	**31.03.2013**
1	Furniture & Fixture	6.33%	0.01	0.02	0.04	0.06	0.07
2	**Plant & Machinery**						
	a) Computer & EDP Equipments	16.21%	-	-	-	-	-
	(Note:2)						
	b) Computer Software	16.21%	-	-	-	-	0.01
	(Office Equipment)						
	c)Xerox Machine	4.75%	0.03	0.03	0.03	0.4	0.43
	(Office Equipment)						
	d)Fax Machine	4.75%	0.01	0.01	0.01	0.1	0.11
	(Office Equipment)						
	e)Cellular Phone	4.75%	0.01	0.01	0.01	0.06	0.07
	(Office Equipment)						
	f)Office Equipments-Others	4.75%					-
	Tangible		0.01	0.06	0.08	0.62	
3	Intangible Assets						
	- Toll Roads & Bridges	4.78%	21,081.10	22,326.53	23,576.38	24,011.34	
	Total		**21,081.17**	**22,327.62**	**23,576.55**	**24,012.58**	**0.68**

TUTICORIN PORT ROAD COMPANY LIMITED

REFORMATTED NOTES TO FINANCIALS STATEMENTS OF ASSETS AND LIABILITIES

Annexure-IV(Rs. In Lacs)

Particulars	31st March 2017	31stMarch2016	31stMarch2015	31stMarch2014	31stMarch2013
2.1 **Share Capital**					
Authorized	13,500.00	13,500.00	13,500.00	13,500.00	7,700.00
Issued, Subscribed and Paid-up	12,370.00	12,370.00	12,370.00	12,370.00	7,662.56
	12,370.00	12,370.00	12,370.00	12,370.00	7,662.56

Reconciliation of the number and amount of Equity Shares outstanding at the beginning & at the end of the year

	As at 31.3.2017		As at 31.3.2016		Asat31.3.2015		As at31.3.2014		As at31.3.2013			
	No. of Shares	Amount	No. of Shares	Amount	No .of Shares	Amount	No .of Shares	Amount	No. of Shares	Amount		
At the beginning of the Year	1,237.00	12,370.00	1,237.00	12,370.00	1,237.00	12,370.00	766.26	7,662.56	766.26	7,662.56		
Fresh issue of shares during the year	-	-		-	-	-		-	470.744,707.44		-	-
Outstanding at the end of the year	**1,237.00**	**12,370.00**	**1,237.00**	**12,370.00**	**1,237.00**	**12,370.00**	**1,237.0012,370.00**	**766.26**	**7,662.56**			

Particulars of equity share holders holding more than 5% of the total number of equity share capital :

Name of Shareholder	As at31.3.2017		As at31.3.2016		Asat31.3.2015		Asat31.3.2014		As at31.3.2013	
	No. of Shares held	%ofHoding	No. ofSharesheld	%ofHoding	No. ofSharesheld	%ofHoding	No. ofSharesheld	%ofHoding	No. ofSharesheld	% ofHoding
National Highway Authority of India	987.00	79.79%	987.00	79.79%	987.00	79.79%	987.00	79.79%	693.60	90.52%
Tuticorin Port Trust	250.00	20.21%	250.00	20.21%	250.00	250.00	250.00	20.21%	72.66	9.48%

			2017	2016	2015	2014	2013
	2.2	**Share Application Money Pending Allotment**	0.00	0.00	1,119.00	0.00	37.44
							(Rs. In Lacs)
	2.3	**Long-term borrowings**	**31st March 2017**	**31st March 2016**	**31st March 2015**	**31st March 2014**	**31st March 2013**
			Amount	**Amount**	**Amount**	**Amount**	**Amount**
		Unsecured Loans					
		Sub-debt From NHAI	14479.66	14294.66	14,122.66	13,127.66	12,688.92
		Total	**14479.66**	**14294.66**	**14,122.66**	**13,127.66**	**12,688.92**
2.4		**Non Current Liabilities**					
		Retention Money	230.89	230.89	230.89	230.89	230.89
		Security Deposit From State Government Agencies	13.35	13.35	13.35	13.35	13.35
		Bank Guarantee Encashed(Contractor and Consultant)	224.99	224.99	224.99	224.99	65.26
		Sundry Creditors-Contractors & Consultants	271.22	271.22	271.22	271.22	271.22
			-	-	-	-	-
		Total	**740.45**	**740.45**	**740.45**	**740.45**	**580.72**

		(Rs. InLacs) 31st March 2017	31stMarch2016	31stMarch2015	31stMarch2014	31st March2013
		Amount	**Amount**	**Amount**	**Amount**	**Amount**
2.5	**TradePayable**					
	Sundry Creditors					
		391.15	187.19	212.88	**197.78**	217.85
		391.15	**187.19**	**212.88**	**197.78**	**217.85**
2.6	**Other Current Liabilities**					
	Interst Payable on Borrowings	5517.04	3905.03	3412.66	3,237.05	1,824.42
	Retention Money-Transtroy OSJC-JV	30.29	12.51	20.04	34.40	25.16
	Duties And Taxes Payable	199.15	188.09	177.99	168.76	141.22
	Salary and wages payable	-	-		-	-
	Share Application money (Refundable)	-			-	4,670.00
	Toll Collection Payable to GOI	88.24	15.22	113.99		
	Interest on TDS Payable		0.12			
	Amount Payable to NHAI		1.23			
	Other Liabilities	-			-	25.97
	Total	**5834.73**	**4122.20**	**3724.68**	**3,440.21**	**6,686.76**
2.7	**Short-term Provisions**					
	Provision for Tax (net of advance tax)					0.62
	Provision for Fringe Benefit Tax					-
	Total					**0.62**
2.9	**Capital Work In Progress**					
	Capital Work In Progress at Site					23,029.67
	Unallocated Pre-Operative Expenditure					1,326.72
	Total					**24,356.39**

2.10 Long-term Loans and Advances

(Unsecured, Considered good, unless otherwise stated)	6.77	6.77	6.77	-	-
Advance recoverable in cash & kind			17.37	0.97	0.97
Advance against deposit work	33.56	33.56		6.77	6.77
Mecon GEA(JV)	-			-	1,110.15
Security Deposits with Government, Public Bodies,					
Others etc.	-	-		-	-
Total	**40.33**	**40.33**	**21.14**	**7.74**	**1,117.89**

2.11 Non Current Assets				15	
Advance Income Tax					
Recoverable From NHAI			1773.69	1,767.83	1,274.22
Claim/Exps. Recoverable				19.13	11.61
Preliminary Expenses			-	-	46.88
Mecon GEA(JV)	1134.01	1126.17	1118.40	1,110.72	-
Total	**1134.01**	**1126.17**	**2892.09**	**2,912.36**	**1,332.71**
2.12 Cash and Bank Balances					
Cash and Cash Equivalents					
Balance with Schedule Bank in Current A/c.					
Canara Bank, Tuticorin	0.24	2.03	7.56	62.26	655.60
Canara Bank, Delhi	3.51	4.90	1.02	2.62	5.54
Fixed Deposits With Bank				101.77	400.68
Cash in Transit	0.05				
Canara Bank -Toll Account	35.72	0.03	21.44		
Fixed Deposits With Bank (original maturity of less than 3 months)		163.96	131.55		
Cash In Hand				0.28	-
Total	39.52	170.91	161.58	**166.92**	**1,061.82**

Short-termLoansandAdvances

(Unsecured, Considered good, unless otherwise stated)

Deposits with Government, Public Bodies, Others etc.	-	-			-
Advances to Consultants & Contractors	-	-		-	-
Other deposit	0.08	0.08	0.08	0.08	0.08
Prepaid expenses	0.07	0.07	0.03	-	
Balance with revenue authority		0.27		-	
Advance recoverable in cash or in kind or value to be received	-	-		-	-
Advance For Utility Shifting	-	-		-	-
Total	**0.15**	**0.42**	**0.11**	**0.08**	**0.08**

OtherCurrentAssets

Others				0.23	5.30
Amount Recoverable from NHAI against Toll Revenue	74.98	0.00		386	
Claim/Expenses Recoverable	82.53	34.68	48.20		
Amount Recoverable from NHAI against Toll Revenue	3012.73	1543.93	1010.12		
Interest on Fixed Deposit		2.32	1.21	-	-
Total	**3170.2**	**1580.9**	1059.54	**386.6**	**5.30**

TUTICORIN PORT ROAD COMPANY LIMITED

REFORMATTED NOTES TO FINANCIAL STATEMENTS FOR PREOPERATIVE EXPENDITURE

Annexure-V

(Rs. In Lacs)

		For the Year ended March 31, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2015	For the Year ended March 31, 2014	For the Year ended March 31, 2013
2.15	**Other Income**					
	Interest on Unutilized	58.46	0.00			-
	Interest on FDR			12.49	40.65	8.95
	Interest on land acquisition Account				-	41.45
	Other Income	16.45	0.00		0.01	0.00
	Liability No Longer Required-W/O			0.06		
	Interest on Bank Deposits	3.86	1.30			-
	Excess Provision Written back				0.06	
		78.77	**1.30**	**12.55**	**40.72**	**50.40**
2.16	**Employees' Benefit Expenses**					
	Salary & Wages	9.44	9.03	7.11	6.27	3.74
	Refreshment Expenses				-	-
	CPF Contribution - company employees				-	-
	CPF Contribution - Deputation				-	-
		9.44	**9.03**	**7.11**	**6.27**	**3.74**
2.17	**Financial Cost**					
	Interest on Sub-Debt	1791.12	1841.52	1712.90	1,552.39	1,294.54
	Bank Charges	0.00			0.51	0.05
	Interest on Refund of Share		148.63			
		1791.12	**1990.15**	1712.90	**1,552.89**	**1,294.58**
2.18	**Other Expenses**					
	Audit Expense	3.50	3.10	2.92	-	-
	Concession to NHAI				0.00	0.00
	Filling Fee			0.20	37.81	1.15
	Insurance –Others				0.00	0.00
	Internal Audit Fees				0.99	0.99
	Interest On Income Tax				-	0.15
	Legal &Professional Charges	0.72	0.94	4.84	0.98	2.43
	Local Conveyance	0.88	0.00		-	-
	Statutory Audit Fee				1.29	0.97
	Travelling Expenses (India) (8301)			1.06	0.45	0.21
	Preliminary Expense Written Off				46.88	
	Repairs &Maintenance				0.02	-
	Operation & Maintenance of Toll Plaza	373.36	157.17	183.99		
	Postage & Couriers					-
	Printing & Stationery					-
	Directors 'Sitting fees	0.40	0.25			
	Share Issue Expense					-
	Security Expenses(8604)					-
	Miscellaneous Expenses	0.01	0.00			
	Prior Period Items (refer note below)	2.24	0.00	79.67		
	Miscellaneous Expenses	0.91	0.20	0.51		
	Telephone & Telex					-
	Advertisement expenses					-
	Bank charges			0.02		
	Others				0.52	0.54
		382.02	**161.66**	273.21	**89.44**	**6.45**

TUTICORIN PORT ROAD COMPANY LIMITED

ANNEXURE -VI

SIGNIFICANTACCOUNTINGPOLICIESASON(31ST MARCH 2017,2016,2015,2014,and2013)

BACKGROUND

The company has been set up to develop, establish, construct, operate and maintain a project relating to the construction, operation and maintenance of the Tuticorin Port Road Company Limited. Port connectivity project under the "Build-Operate–Transfer"(BOT) basis. A concession agreement entered between the company and the National Highway Authority of India (NHAI) will confer the right to the company to implement the project and levy toll/ user charges over the long concession period after completion of construction.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING(31ST MARCH 2014,and2013)

The financial statements have been prepared and presented under the historical cost convention on the accrual basis i.e. mercantile system of accounting and on the basis of going concern with the accounting principles generally accepted in India 'GAAP' and comply with the mandatory Accounting Standards, Guidance Notes and other pronouncements issued by The Institute of Chartered Accountants of India to the extent applicable and with the relevantprovisionsoftheCompaniesAct,1956.Historicalcostsarenotadjustedtoreflectthechangingvalueinthe purchasing power of money.

BASIS OF ACCOUNTING(31ST MARCH 2015)

The financial statements have been prepared and presented under the historical cost convention on the accrual basis i.e. mercantile system of accounting and on the basis of going concern with the accounting principles generally accepted in India 'GAAP' and comply with the mandatory Accounting Standards issued by Accounting Standard rules 2006, Guidance Notes and other pronouncements issued by The Institute of Chartered Accountants of India to the extent applicable and with the relevant provisions of the Companies Act, 2013.

BASIS OF ACCOUNTING(31ST MARCH 2017,2016)

The financial statements of the company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), and mandatory Accounting Standards as prescribed under section 133 of the Companies Act 2013 read with rule 7 of companies (Accounts) Rules, 2014 issued by the Ministry of Corporate Affairs. The company has complied in all material respects with the Accounting Standards notified under the Companies Act 2013.The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2 FIXEDASSETS(31STMARCH2015,2014,and2013)

Fixed assets, other than project assets, are stated at cost of acquisition (net of CENVAT, wherever applicable), less accumulated depreciation till the end of financial year. Cost is inclusive of freight, duties, levies, installation expenses and any directly attributable cost of bringing the assets to their working condition for intended use which are capitalized till the assets are ready to be put to use.

FIXED ASSETS(31STMARCH2017,2016,)

i) Tangible Assets

Fixed assets, other than project assets, are stated at cost of acquisition (net of CENVAT, wherever applicable), less accumulated depreciation till the end of financial year. Cost is inclusive of freight, duties, levies, installation expenses and any directly attributable cost of bringing the assets to their working condition for intended use which are capitalized till the assets are ready to be put to use.

Gain or loss arising on account of sale of fixed assets are measured as the difference between the net proceeds and the carrying amount of assets and all other expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statements of profit and loss for the period during which such expenses are incurred.

ii) Intangible Assets

Toll Road has been initially recognized at Cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

1.3 DEPRECIATION (31ST MARCH 2014,and2013)

Depreciation on fixed assets, other than project assets, of the company has been charged on straight line method in the manner and at the rates specified in schedule XIV of the Companies Act, 1956.

Depreciation on Project assets will be provided upon commissioning and commencement of commercial loperations as per the guidelines applicable at that time.

DEPRECIATION (31STMARCH2015)

Depreciation on fixed assets, other than project assets, of the company has been charged on straight line method in the manner and at the rates specified in schedule XIV of the Companies Act, 1956.

Toll Road Assets are amortized on pro-rata basis over the relevant remaining concession period i.e. upto 23.02.2034 from the date of Capitalization of the project assets.

DEPRECIATION (31ST MARCH 2016,2017)

i) Depreciation is provided using the Straight Line method as per the useful life specified in Part "C" of Schedule II of the Companies Act,2013 and after retaining the residual value of 5% of the original cost of the assets as specified in the said Schedule. The Schedule II to the Companies Act, 2013 requires that useful life and depreciation for significant components of an asset should be determined separately.

The identification of significant components is matter of technical judgment and is decided on case to case basis; wherever applicable. Further as per Note No.7 of Part "C" of the said Schedule the carrying amount of the assets has been depreciated over the remaining useful life of the assets and recognized in the Statement of Profit & Loss.

ii) Amortization of Intangible Assets

Toll Road assets are amortized on pro rata basis over the remaining concession period i.e. upto 23.02.2034 from the date of capitalization of the project assets.

1.4 EMPLOYEESBENEFITS(31STMARCH2014,and2013)

No provision has been made for gratuity, leave encashment and other retirement benefits as company does not have any employee as on that date. The entire Directors' of the company are holding office in company as nominee's of NHAI/Tuticorin Port Trust. No payment has been made to the massalary/allowance.

EMPLOYEES BENEFITS(31STMARCH2015)

No provision has been made for gratuity, leave encashment and other retirement benefits as company does not have any employee as on that date. The Personnel deputed for the work of the Company are either on deputation from other Govt. Department or on the payroll of the NHAI and accordingly all statutory requirement are complied thereby. All the Directors' of the company are holding office in company as nominee's of NHAI/Tuticorin Port Trust. No payment has been made to them as salary/ allowance or otherwise.

EMPLOYEES BENEFITS(31STMARCH2016 ,2017)

No provision has been made for gratuity, leave encashment and other retirement benefits as company does not have any employee as on that date. The Personnel deputed for the work of the Comapny are either on deputation from other Govt. Departments or on the payroll of the NHAI and accordingly all statutory requirement are complied thereby. All the Directors' of the company are holding office in company as nominee's of NHAI/VOC Port Trust.

1.5 BORROWING COSTS(31ST MARCH 2017,2016,2015,2014and2013)

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets are capitalized as part of the cost of such assets, to the extent they relate to the period till such assets are put to use. Other Borrowing costs are charged to Profit and Loss Account.

1.6 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (31ST MARCH 2017,2016,2015,2014,2013)

Provisions

A provision is created when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount can be made of the amount of the obligation. Provisions are determined based upon-management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet and adjusted to reflect the current management estimates.

Contingent Liabilities

No provision is recognized for liabilities where future outcome cannot be as curtained with reasonable certainty. Such liabilities are treated as contingent and disclosed by way of Notes to the Accounts. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets

Contingent Assets are neither recognized nor disclosed.

TAXESONINCOME

Provision for income tax comprises of current tax and deferred tax charge or release in compliance of Accounting Standard 22 issued by the Institute of Chartered Accountants of India. Current income tax, if any, is measured at the amount expected to be paid to the tax authorities in accordance with the Income TaxAct,1961.Deferred tax, if any, is recognized, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income and expenditure that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized unless there is ―virtual certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized.

1.7 IMPAIRMENT OF FIXED ASSETS (31ST MARCH 2016,2015,2014)

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company’s Fixed Assets. If any indication exists, an asset’s recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1: Earnings Per Share (AS-20)

Particulars	Current year	Previous year
Profit (loss) for the year attributable to equity shareholders (`)	(18,81,45,894.21)	(18,93,39, 273.92)
Face value per equity share (`)	10/-	10/-
Weighted average no. of equity shares for computing basic earning per share	12,37,00,000.00	12,37,00,0 00.00
Basic earning per share (in `)	(1.52)	(1.53)
Diluted earning per share (In `)	(1.52)	(1.53)

2: Contingent Liabilities

S.No	Description of Contract package/Name of the Contractor	No.of disputes	Claimed by the Contractor/ Concessionaire/ Consultant	Claimed by NHAI	Status
1	Arbitration between Tuticorin Port Road Co. Ltd (TPRCL) and M/s MECON – GEA Energy Systems (India) Limited (JV) for the 2 lanes of Tirunelveli – Tuticorin from Km 4/000 to Km 51/200 section of NH-7A	16 in DRB (claimed by Contractor)	95.03 Crores	--	Still Pending
2	Arbitration between Tuticorin Port Road Co. Ltd (TPRCL) and M/s MECON – GEA Energy Systems (India) Limited (JV) for the 2 lanes of Tirunelveli – Tuticorin from Km 4/000 to Km 51/200 section of NH-7A	8 in Arbitration	--	300.41 Crores (Counter-claimed in Arbitration)	

Note 21: Pending Demands at Income Tax Website

S.No	Assessment Year	Demand(Amt.in Rs.)
1	2005-2006	1000
2	2007-2008	205183
3	2007-2008	549960
4	2008-2009	1296803
5	2010-2011	1735620
6	2013-2014	139270

3:

In the opinion of the management of the company, Fixed Assets, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amounts at which they are stated.

4: Segment Reporting

There are no reportable segments in accordance with Accounting Standard- 17 ‘Segment Reporting’ prescribed under the Companies (Accounting Standards) Rules, 2006.

4: Note on Demonetisaton

Details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:-

(Amount in Rupees)

Particulars	**SBNs**	**Other Denomination notes**	**Total**
Closing cash in hand as on Novemeber 8, .2016	-	**6,027**	**6,027**
(+) Permitted receipts	-	20,040	20,040
(-) Permitted payments	-	(5,200)	(5,200)
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on December 30, 2016	-	**20,867**	**20,867**

5: Related Party Transactions:

a)

Description of relationship	**Names of Related Parties**
Entity having significant influence in the company	National Highways Authority of India VOC Port Trust
Fellow Subsidiaries	Paradip Port Road Company Limited Mumbai JNPT Port Road Company Limited

b) **Details of related party transactions during the year ended 31st March, 2017 and balances outstanding as at 31st March, 2017:**

Particulars	**Entity having significant influence**	
	Transaction with NHAI	
Loans Taken	**For the year ended March 31,2017**	**For the year ended March 31, 2016**
Unsecured Loan:		
Opening Balance	1,42,94,66,356	1,41,22,66,356
Amount Taken	1,85,00,000	1,72,00,000
Amount Repaid	-	-
Balance Outstanding	**1,44,79,66,356**	**1,42,94,66,356**
Interest on above loan:		
Interest Repaid	-	11,65,00,000
Interest provided during the year (Net of TDS)	16,12,01,178	18,41,52,488
Balance Outstanding	**55,17,04,464**	**39,05,03,286**
Transaction on behalf of Company by NHAI	9,09,904	9,02,687
	9,09,904	**9,02,687**
Transaction by Company on behalf of NHAI	74,97,845	(7,07,349)

Concession Fees	1	1
	74,97,846	**(7,07,348)**
Net closing balance recoverable from NHAI	-	-
Amount Recoverable from NHAI against Toll Collection	30,12,72,961	15,16,86,246
	Transaction with VOC Port Trust	
Share Application Money Received	-	-
Share Application Money Refunded	-	11,19,00,000
Interest on Share Application Money	-	1,48,62,773

Particulars	**Fellow subsidiaries**	
	For the year ended March 31, 2017	**For the year ended March 31, 2016**
Transaction on behalf of Company by:		
Paradip Port Road Company Limited	1,70,379	4,157
Mumbai JNPT Port Road Company Limited	1,23,194	7,002
Balance Outstanding	**2,93,573**	**11,159**

6:

NHAI through the concession agreement dated 24th February, 2004 entrusted to the company, the task of construction, operation & maintenance of the project. The agreement also provides that concessionaire will be provided the site free from all encumbrances. Hence all cost towards shifting of utilities, acquisition of land, rehabilitation and resettlement of people etc. has been / will be borne by NHAI and it will remain interest free recoverable amount from NHAI till its recovery. The administrative and other expenses have been apportioned between NHAI and and the company in the ratio of 3:1. Also NHAI incurs certain expenditure on behalf the company and debit into their account.

During the year, the company has reconciled the amount recoverable from NHAI against above said expenses .However as per the books of the company, the amount payable to NHAI against expenses is ` 8,97,997.97/- whereas the same as per the books of NHAI is ` 16,57,903/- is recoverable from the company due to mismatch of certain entries. The company is in the process to reconcile the mismatch entries in the current financial year i.e 2016-17.

7:

The Company has not appointed Managing Director, Chief Financial Officer and Full time Company Secretary during the year as required by Section 203 of the Companies Act, 2013.

8:

Due to the taxable loss for the Financial Year 2016-17, no provision for tax has been made. Also, due to the absence of virtual certainity of the future taxable income to the company , no provision for Deferred Tax has been made

9:

Accounting policies are consistent and in consonance with Generally Accepted Accounting Principles and conventions.

10:

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

1 Earnings Per Share (AS-20)

Particulars	Current year	Previous year
Profit (loss) for the year attributable to equity shareholders (`)	(18,93,39,273.55)	(21,84,83,088.51)
Face value per equity share (`)	10/-	10/-
Weighted average no. of equity shares for computing basic earning per share	12,37,00,000.00	12,37,00,000.00
Basic earning per share (in `)	(1.53)	(1.77)
Diluted earning per share (In `)	(1.53)	(1.77)

2: Contingent Liabilities

MECON & GEA (JV), the main sub-contractor, has filed a suit against the company for breach of several covenants of the agreement. The agreement has since been terminated by the company. The company has made a provision for the amount estimated to be payable for the work done by contractor. However, the exact amount payable for the work done has not been determined since the contractor has disputed the quantum of work done and monies payable towards other stipulations. The company had invoked the bank guarantees furnished by the contractor and encashed ` 27,16,92,851/- during the financial year 2009-10 out of which a sum of ` 26,51,67,225/- was deposited to respondents bank during the FY 2011-12 to enable him to take fresh Bank Guarantee in favour of the Company. Contingent liability in respect of terminated contract ascertained at ` 95.03 crores.

3:

In the opinion of the management of the company, Fixed Assets, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated.

4: Related Party Transactions:

a)

Description of relationship	Names of Related Parties
Entity having significant influence in the company	National Highways Authority of India VOC Port Trust
Fellow Subsidiaries	Paradip Port Road Company Limited Mumbai JNPT Port Road Company Limited

b) **Details of related party transactions during the year ended 31st March, 2016 and balances outstanding as at 31st March, 2016:**

Particulars	Entity having significant influence Transaction with NHAI	
Loans Taken	**For the year ended March 31, 2016**	**For the year ended March 31, 2015**
Unsecured Loan:		
Opening Balance	1,41,22,66,356	1,31,27,66,356
Amount Taken	1,72,00,000	9,95,00,000
Amount Repaid	-	-
Balance Outstanding	**1,42,94,66,356**	**1,41,22,66,356**
Interest on above loan:		
Interest Repaid	11,65,00,000	13,66,00,000
Interest provided during the year (Net of TDS)	18,41,52,488	17,12,90,262

Balance Outstanding	**39,05,03,286**	**34,12,66,047**
Transaction on behalf of Company by NHAI	9,02,687	7,11,090
	9,02,687	**7,11,090**
Transaction by Company on behalf of NHAI	(7,07,349)	27,21,234
Concession Fees	1	1
	(7,07,348)	**27,21,235**
Net closing balance recoverable from NHAI	**-**	**17,73,68,728**
Amount Recoverable from NHAI against Toll Collection	15,16,86,246	10,10,12,360
	Transaction with VOC Port Trust	
Share Application Money Received	-	11,19,00,000
Share Application Money Refunded	11,19,00,000	-
Interest on Share Application Money	1,48,62,773	-

Particulars	**Fellow subsidiaries**	
	For the year ended March 31, 2016	**For the year ended March 31, 2015**
Transaction on behalf of Company by:		
Paradip Port Road Company Limited	4,157	3,933
Mumbai JNPT Port Road Company Limited	7,002	24,597
	11,159	**28,530**
Balance Outstanding	**11,159**	**20,861**

4

NHAI through the concession agreement dated 24th February, 2004 entrusted to the company, the task of construction, operation & maintenance of the project. The agreement also provides that concessionaire will be provided the site free from all encumbrances. Hence all cost towards shifting of utilities, acquisition of land, rehabilitation and resettlement of people etc. has been / will be borne by NHAI and it will remain interest free recoverable amount from NHAI till its recovery. The administrative and other expenses have been apportioned between NHAI and and the company in the ratio of 3:1. Also NHAI incurs certain expenditure on behalf the company and debit into their account.

During the year, the company has reconciled the amount recoverable from NHAI against abovesaid expenses .However as per the books of the company, the amount payable to NHAI against expenses is ` 1,23,178/- whereas the same as per the books of NHAI is ` 8,83,083/- is recoverable from the company due to mismatch of certain entries. The company is in the process to reconcile the mismatch entries in the current financial year i.e 2016-17

5

The company has not appointed Managing Director, Chief Financial Officer and Full time company secretary during the year as required by Section 203 of the companies Act, 2013.

6

Due to the taxable loss for the Financial Year 2015-16, no provision for tax has been made. Also, due to the absence of virtual certainity of the future taxable income to the company , no provision for Deferred Tax has been made

7

Accounting policies are consistent and in consonance with generally accepted accounting principles and conventions.

8

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1 **Contingent Liabilities:**

MECON & GEA (JV), the main sub-contractor, has filed a suit against the company for breach of several covenants of the agreement. The agreement has since been terminated by the company. The company has made a provision for the amount estimated to be payable for the work done by contractor. However, the exact amount payable for the work done has not been determined since the contractor has disputed the quantum of work done and monies payable towards other stipulations. The company had invoked the bank guarantees furnished by the contractor and encashedRs. 27,16,92,851/- during the financial year 2009-10 out of which a sum of Rs. 26,51,67,225/- was deposited to respondents bank during the FY 2011-12 to enable him to take fresh Bank Guarantee in favour of the Company. Contingent liability in respect of terminated contract ascertained at Rs. 21.00 crores.

2 **Earnings Per Share (AS - 20)**

Particulars	**Current year**		**Previous year**
Profit (loss) for the year attributable to equity shareholders (Rs.)	(21,84,83,088.51)		(23,90,40,173.07)
Face value per equity share (Rs.)	10/-		10/-
Weighted average no. of equity shares for computing basic earning per share	12,37,00,000.00		12,37,00,000.00
Basic earning per share (in Rs.)	(1.77)		(1.93)
Diluted earning per share (In Rs.)	(1.77)		(1.93)

3 In the opinion of the management of the company, the Fixed Assets, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amounts at which they are stated.

4 The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

5 **Related Party Transactions:**

a)

Description of relationship	**Names of Related Parties**
Entity having significant influence in the company	National Highway Authority of India
	Tuticorin Port Trust

b) **Details of related party transactions during the year ended 31st March, 2014 and balances outstanding as at 31st March, 2015:**

Particulars	**Entity having significant influence**	
	Transaction with NHAI	
	(Amount Rs.)	**(Amount Rs.)**
Loans Taken	**2014-15**	**2013-14**
Unsecured Loan:		
Opening Balance	1,31,27,66,356	1,26,88,92,356
Amount Taken	9,95,00,000	4,38,74,000
Amount Repaid	-	-
Balance Outstanding	**1,41,22,66,356**	**1,31,27,66,356**
Interest on above loan:		
Opening Balance	32,37,04,811	18,24,41,725
Interest Repaid	13,66,00,000	-
Interest during the year	15,41,61,236	14,12,63,086
Balance Outstanding	**34,12,66,047**	**32,37,04,811**
Transaction on behalf of Company	7,11,090	6,58,322
	7,11,090	**6,58,322**
Transaction by Company on behalf of NHAI	27,21,234	4,20,51,680
	27,21,234	**4,20,51,680**
Net closing balance recoverable from NHAI	**17,73,68,728**	**17,67,83,014**
Amount recoverable from NHAI against Toll Collection	10,10,12,360	3,86,41,623

Particulars	**Entity having significant influence**	
Transaction With Tuticorin Port Trust		
Share Application Money Received	11,19,00,000	-

Note - 25 **<u>TRANSACTIONS WITH NHAI</u>**

NHAI through the concession agreement dated 24th February, 2004 entrusted to the company, the task of construction, operation & maintenance of the project. The agreement also provides that concessionaire will be provided the site free from all encumbrances. Hence all cost towards shifting of utilities, acquisition of land, rehabilitation and resettlement of people etc. has been / will be borne by NHAI and it will remain interest free recoverable amount from NHAI till its recovery.

Accounts with NHAI have been reconciled but the amount receivable has not been recovered pertaining to the payments made by the company on their behalf on the plea that no debit note/advice/supporting documents have been received by them. The company had produced the necessary advice/ documents to NHAI who is accounting for the same in their books in ensuing years. As per the books of the company amount recoverable from NHAI is Rs. 177,368,728/- whereas the same as per the books of NHAI is Rs. 169,338,869/-

Since NHAI, has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of statement of account provided by them.

The administrative and other expenses have been apportioned between NHAI and the company in the ratio of 3:1.

The company has taken loan amounting to Rs. 1,753,532,403/- (including interest ofRs. 341,266,047) from NHAI.

6 The company has not appointed full time company secretary during the year as required by section 203 of The companies act, 2013.

7 Due to the taxable loss for the Financial Year 2014-15, no provision for tax has been made. Also, due to the absence of virtual certainity of the future taxable income to the company , no provision for Deferred Tax has been made

8 The Company has w.e.f 1st April, 2014, computed depreciation in accordance with useful life of the Fixed Assets as per Schedule II of the Companies Act, 2013, consequently depreciation charged for the year is lower by Rs. 3102/- and carrying value of assets amounting to Rs. 51645/- after retaining the residual value who remaining useful life in Nil has been adjusted from the opening balance of Reserve & Surplus.

9 During the year on 22nd November, 2014, the company has received an amount of Rs. 111,900,000/- from its stake holders M/S Tuticorin port Trust towards allotment of 11,190,000 equity shares of Rs. 10 each. However the company could not allot the shares within 60 days from the date of receipt of the application money and also did not refund the application money to subscriber till 31st March, 2015. The Management is confident to repay the above said money along with interest during the FY 2015-16.

10 Accounting policies not specifically referred to are consistent and in consonance with generally accepted accounting principles and conventions.

11 Accounting policies not specifically referred to are consistent and in consonance with generally accepted accounting principles and conventions.

12 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1. Contingent Liabilities:

MECON & GEA (JV), the main sub-contractor, has filed a suit against the company for breach of several covenants of the agreement. The agreement has since been terminated by the company. The company has made a provision for the amount estimated to be payable for the work done by contractor. However, the exact amount payable for the work done has not been determined since the contractor has disputed the quantum of work done and monies payable towards other stipulations. The company had invoked the bank guarantees furnished by the contractor and encashed Rs. 27,16,92,851/- during the financial year 2009-10 out of which a sum of Rs. 26,51,67,225/- was deposited to respondents bank during the FY 2011-12 to enable him to take fresh Bank Guarantee in favour of the Company.

Contingent liability in respect of terminated contract ascertained at Rs. 21.00 crores.

2. Earnings Per Share(AS-20)

Particulars	Current year		Previous year
Profit (loss) for the year attributable to equity shareholders (Rs.)	(239,040,173.07)		-
Face value per equity share (Rs.)	10/-		10/-
Weighted average no. of equity shares for computing basic earning per share	102,548,762.74		76,625,600.00
Weighted average no. of equity shares for computing diluted earning per share	102,548,762.74		76,625,600.00
Basic earning per share (in Rs.)	(2.33)		-
Diluted earning per share (In Rs.)	(2.33)		-

Since Statement of Profit and Loss has not been prepared in the previous year therefore, Earning Per Share in pursuance to Accounting Standard 20 issued by the Accounting Standard Rules, 2006 has not been given for the previous year.

3. In the opinion of the management of the company, the Fixed Assets, Current Assets, Loans and Advances have a value onrealisationintheordinarycourseofbusinessatleastequaltotheamountsatwhichtheyarestated.

4. Thecompanyhasnotreceivedanyconfirmationfromitsvendors/serviceprovidersregardingtheirstatusofregistration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

5. **Related Party Transactions:**

a)

Description of relationship	Names of Related Parties
Entity having significant influence in the company	National Highway Authority of India

b) Details of related party transactions during the year ended 31st March, 2014 and balances outstanding as at 31st March,2014:

Particulars	Entityhavingsignificant influence	
	(Amount Rs.)	**(Amount Rs.)**
LoansTaken	**2013-14**	**2012-13**
Unsecured Loan:		
Opening Balance	1,268,892,356	1,026,492,356
AmountTaken	43,874,000	242,400,000

Amount Repaid	-	-
Balance Outstanding	**1,312,766,356**	**1,268,892,356**
Interest on above loan:		
Opening Balance	182,441,725	65,933,565
Interest Repaid	-	-
Interest during the year	141,263,086	116,508,160
Balance Outstanding	**323,704,811**	**182,441,725**
Transaction on behalf of Company	658,322	373,945
	658,322	**373,945**
Transaction by Company on behalf of NHAI	42,051,680	32,010,811
	42,051,680	**32,010,811**
Net closing balance recoverable from NHAI	**176,783,014**	**127,422,227**
Amount Recoverable from NHAI against Toll Collection	38,641,623	-

6. TRANSACTIONSWITHNHAI

The share capital of Rs. 1,23,70,00,000/-includes Rs. 98,70,00,000/- held by NHAI.

NHAI through the concession agreement dated 24th February, 2004 entrusted to the company, the task of construction, operation & maintenance of the project. The agreement also provides that concessionaire will be provided the site free from all encumbrances. Hence all cost towards shifting of utilities, acquisition of land, rehabilitation and resettlement of people etc. has been / will be borne by NHAI and it will remain interest free recoverable amount from NHAI till its recovery.

Accounts with NHAI have been reconciled but the amount receivable has not been recovered pertaining to the payments made by the company on their behalf on the plea that no debit note/advice/supporting documents have been received by them. The company had produced the necessary advice/ documents to NHAI who is accounting for the same in their books in ensuing years. As per the books of the company amount recoverable from NHAI is Rs. 176,783,014/-- whereas the same as per the books of NHAI is Rs. 167,328,725/-

Since NHAI, has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of statement of account provided by them.

The administrative and other expenses have been apportioned between NHAI and the company in the ratio of 3:1. The company has taken loan amounting to Rs.1,636,471,167/- (including interest of Rs.323,704,811) from NHAI.

7. Cost of Project

The initial estimated cost at the time of initiation of the project was Rs.231.20 crores and it was scheduled to be completed before August2006. However, there has been delay and project is operational w.e.f. 5thApril, 2013 with revised cost of Rs.349.50 crore. As pert the revised project cost the status of capital commitment is as under:

Organization		Equity	Sub-debt	Borrowing	LA & Utility shifting	Total (in crores)
NHAI	Commitment	98.70	131.6	62.51	20.5	313.31
	Recd. as on 31st March,14	98.70	131.28*	-	-	229.98
TPT	Commitment	36.19	-	-	-	36.19
	Recd. as on 31st March,14	25	-	-	-	25.00

* The amount of sub-debt of Rs. 131.28 crores is net of interest.

8. Current Status of the Project

i) The Provisional Completion Certificate for Balance work of four laning and strengthening of existing 2 of Tirunelveli- Tuticorin road from Km. 4/300 to 51/200 of NH-7A in Tamil Nadu section from Palayamkottai to Thoothukdi Port was issued on 23.01.2013 vide supervision consultant Lr. No. SLINFRA/100854/TSIL/2009/1899 dated 23.01.2013 with defect liability period ending on 23.01.2014.

ii) The snag ist for the outstanding works as on 23.01.2013 was targeted to be completed on 31.05.2013. However the same was completed before December, 2013.

iii) The present toll plaza located at Km 11.785 near Pudukottai is to be shifted and permanent Toll Plaza is to be constructed at Km 17.00(NH138)

iv) The company has entered an agreement with M.Govindaraj Contractor and Earthmovers for the operation and Maintenance of Palayamkottai to Tuticorin section from 4kms to 51/2of NH-7A w.e.f October2013.

9. During the year, the company has written off the entire amount of preliminary expenses in the Statement of Profit & Loss in accordance with para56 of AccountingStandard-26 "Intangible Assets".

10. No provision has been made for gratuity, leave encashment and other retirement benefits to company's employees as all the employees are on deputation from their respective Departments. The retirement benefits in respect of the employees are to be met by the respective Departments.

11. The company has not appointed full time company secretary during the year as required by section 383A of The companiesact,1956.

12. Statement of Profit & Loss has been made for the period from 5th April, 2013 to 31st March, 2014, hence no previous year figures has been given.

13. Due to the taxable loss for the Financial Year 2013-14, no provision for tax has been made. Also, due to the absence of virtual certainity of the future taxable income to the company, no provision for Deferred Tax has been made

14. Accounting policies not specifically referred to are consistent and in consonance with generally accepted accounting principles and conventions.

15. Accounting policies not specifically referred to are consistent and in consonance with generally accepted accounting principles and conventions.

16. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. Contingent Liability:

MECON& GEA (JV), the main sub-contractor, has filed a suit against the company for breach of several covenants of the agreement. The agreement has since been terminated by the company. The company has made a provision for the amount estimated to be payable for the work done by contractor. However, the exact amount payable for the work done has not been determined since the contractor has disputed the quantum of work done and monies payable towards other stipulations. The company had invoked the bank guarantees furnished by the contractor and encashed Rs. 27,16,92,851/- during the financial year 2009-10 out of which a sum of Rs.26,51,67,225/-was deposited to respondents bank during the FY2011-12 to enable him to take fresh Bank Guarantee in favour of the Company. Contingent liability in respect of terminated contract ascertained at Rs.21.00crores.

2 Since Statement of Profit and Loss has not been prepared, Earning Per Share in pursuance to Accounting Standard20issuedbytheAccountingStandardRules,2006hasnotbeengiven.

3 In the opinion of the management of the company, the Fixed Assets, Capital Work in Progress, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated.

4 The company has not received any confirmation from its vendors/ service providers regarding their status of registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been furnished.

5 In the opinion of the Management, Current Assets, Loans and Advances are stated at the value, which if realized, in the ordinary course of the business, would not be less than the amount mentioned.

6 The Company has received the share application money of Rs. 293,400,000/- from NHAI and Rs. 177,344,000/- from Tuticorin Port Trust which are pending for allotment as on Balance Sheet date. The Company has not provided the interest on pending amount of share application money as required by the notification dated 14.12.2011 under the Unlisted Public Company (preferential allotment) Rule, 2003. The Company is in process to allot the share against the share application money received during the FY2013- 14.

Related Party Transactions:

(a)

Description of relationship	Names of Related Parties
Entity having significant influence in the company	National Highway Authority of India

(b) Details of related party transactions during the year ended 31stMarch, 2013 and balances outstanding as at 31st March, 2013:

Particulars	Entity having significant influence	
LoansTaken	**2012-13**	**2011-12**
Unsecured Loan:		
Opening Balance	1,02,64,92,356	20,18,00,000
Amount Taken	24,24,00,000	82,46,92,356

Amount Repaid	-	-
Balance Outstanding	~~**1,26,88,92,356**~~	~~**1,02,64,92,356**~~
Interest on above loan:		
Opening Balance	6,59,33,565	9,92,140
Interest Repaid	-	-
Interest during the year	11,65,08,160	6,49,41,425
Balance Outstanding	**18,24,41,725**	**6,59,33,565**

8 **<u>TRANSACTIONSWITHNHAI</u>**

The share capital of Rs. 76,62,56,000/-includes Rs. 69,36,00,000/- held by NHAI. NHAI through the concession agreement dated 24th February, 2004 entrusted to the company, the task of construction, operation & maintenance of the project. The agreement also provides that concessionaire will be provided the site free from all encumbrances. Hence all cost towards shifting of utilities, acquisition of land, rehabilitation and resettlement of people etc. has been / will be borne by NHAI and it will remain interest free recoverable amount from NHAI till its recovery.

Accounts with NHAI have been reconciled but the amount receivable has not been recovered pertaining to the payments made by the company on their behalf on the plea that no debit note/advice/supporting documents have been received by them. The company had produced the necessary advice/ documents to NHAI who is accounting for the same in their books in financial year 2013-14. As per the books of the company amount recoverable from NHAI is Rs. 12,74,22,227/- whereas the same as per the books of NHAI is Rs.12,59,35,367/-

Since NHAI, has undertaken all project preparation activities and therefore related expenditure, has been booked in company only on the basis of statement of account provided by them.

TheadministrativeandotherexpenseshavebeenapportionedbetweenNHAIandthecompanyintheratio of3:1.

The company has taken loan amounting to Rs.1,45,13,34,081/- (including interest of Rs. 18,24,41,725) from NHAI.

9 **Cost of Project**

The initial estimated cost at the time of initiation of the project was Rs.231.20 crores and it was scheduled to be completed before August 2006. However, there has been delayed and project is rescheduled for completion in May 2013 with revised cost of Rs.349.50 crores. As per the revised project cost the status of capital commitment is as under,

Organization		Equity	Sub-debt	Borrowing	LA & Utility shifting	Total (in crores)
NHAI	Commitment	98.70	131.6	62.51	20.5	313.31
	Recd. as on 31st March,13	98.70**	126.90*	-	-	225.60
TPT	Commitment	36.19	-	-	-	36.19
	Recd. as on 31st March,13	25.00***	-	-	-	25.00

* The amount of sub-debt of Rs. 126.90 crores is net of interest.
** Out of Rs. 98.70 crores recd. from NHAI Rs. 29.34 crores consist of share application money received during FY 2012-13 which is pending for allotment as on Balance Sheet date.

***OutofRs.25.00crores recd. From Tuticorin Port Trust Rs.17.73crores consist of share application money received during FY2011-12 & FY2012-13 which is pending for allotment as on Balance Sheet date.

10 **Current Status of the Project**

i) The Provisional Completion Certificate for Balance work of four laning and strengthening of existing 2 of Tirunelveli-Tuticorin road from Km. 4/300 to 51/200 of NH-7A in Tamil Nadu section from Palayamkottai to Thoothukdi Port was issued on 23.01.2013 vide supervision consultant Lr. No. SLINFRA/100854/TSIL/2009/1899 dated 23.01.2013 with defect liability periodendingon23.01.2014.

ii) The snag list for the outstanding works as on 23.01.2013 was targeted to be completed on 31.05.2013 wherein 60% of the balance work were completed and leaving 40% is hindered due to various reasons like pipeline utility shifting which will be completed before the Defect Liability Period is over.

iii) After completion of all the works including construction of permanent Toll Plaza and sang list, the engineer of the supervision consultant has to certify that work have been completed in all aspectsandtheTeamLeaderhastoissueSubstantialCompletionCertificate.

11 No provision has been made for gratuity, leave encashment and other retirement benefits to company's employees as all the employees are on deputation from their respective Departments. The retirement benefitsinrespectoftheemployeesaretobemetbytherespectiveDepartments.

12 The company has not appointed full time company secretary during the year as required by section 383A of The companies act,1956.

13 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

14 Accounting policies not specifically referred to are consistent and in consonance with generally accepted accounting principles and conventions.

Statement of Accounting Ratios

PARTICULARS	2017	2016	2015	2014	2013
Earning per share (Basic/Diluted) (Rs.)	-	-	-	-	-
Return on net worth (%)	0	-	-	0	-
Net asset value per equity share (Rs.)	3.25	4.77	6.30	8.07	10.00
Weighted average number of equity shares outstanding during the year / period (in crore)	12.37	12.37	12.37	12.37	7.66
Total number of share outstanding at the end of the year / period (in crore)	12.37	12.37	12.37	12.37	7.66
Debt Equity Ratio	3.79	2.54	1.91	1.39	1.73

Notes:

The ratios have been computed as below:

Earning perShare (Rs.)	=	Profit after tax / Number of equity shares at the end of the year.
Return on networth(%)	=	Profit after tax / Net Worth at the end of the year.
Net asset value per equityshare(Rs.)	=	Net worth at the end of the year(Share capital + Reserves and Surplus) / Number of equity shares outstanding at the end of the year.
Debtequity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

TUTICORIN PORT ROAD COMPANY LIMITED

Annexure - VIII

Qualification/Emphasis of Matter paragraph to Auditors'Reports

Year ending March31, 2017

(a) We draw our attention to **Note no 26.** During the year, the company has reconciled the amount recoverable from NHAI against expenses Rs. 897,997.97 (previous year payable Rs. 123,178) whereas the same as per books of NHAI is Rs. 1,657,903.00 (previous year recoverable Rs. 883,083.00) is recoverable from the Company due to mismatch of certain entries.

(b) We draw our attention to **Note no. 27**; the Company has not appointed Managing Director, Chief Financial Officer and full time Company Secretary during the year in terms of provisions of section 203 of the Companies Act, 2013. This is a continuing contravention of section 203, attracting penalties, for which no provision is made in the accounts.

(c) **In terms of AS28**,
In enterprise should assess at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the enterprise should estimate the recoverable amount of the asset.
If the recoverable amount of an asset is less than its carrying amount, the carrying amount of asset should be reduced to its recoverable amount. That reduction is an impairment loss.
An impairment loss should be Recognised as an expense in the statement of profit and loss immediately. After the recognition of an impairment loss, the depreciation (amortization) charge for the asset should be adjusted in future period to allocate the asset's revised carrying amount, less its residual value (if any) on a systematic basis over its remaining useful life.
The company has not made any estimate of the recoverable amount of the asset i.e. Toll Road Bridge, the impairment loss (or gain, if any) as on the date of Financial Statements cannot be ascertained.

Year ending March31, 2016

(a) We draw our attention to **Note no. 24**, During the year, the company has reconciled the amount recoverable from NHAI against expenses .However as per the books of the company, the amount payable to NHAI against expenses is 1, 23, 178/- whereas the same as per the books ofNHAIis8,83,083/- is recoverable from the company due to mismatch of certain entries. The company is in the process to reconcile the mismatch entries in the current financial year i.e 2016-17. Our opinion is not qualified in respect of this matter.

(b) We draw our attention to **Note no. 25** where The Company has not appointed Managing Director Chief Financial Officer and Full Time Company Secretary during the year which is in contravention tosection203oftheCompaniesAct'2013.Our opinion is not qualified in respect of this matter.

Year ending March31, 2015

(a) We draw our attention to **Note no. 25** where accounts with NHAI have been reconciled but the amount receivable has not been matched due to the mismatch of certain payments made by the company on their behalf. In this regard, NHAI has given the plea that no debit note/advice/supporting documents have been received by them. However the company had produced the necessary advice / documents to NHAI who is accounting for the same in their books in Financial Year 2014-15. As per the books of the company amount recoverable from NHAI is f 177,368,728/- whereas the same as per the books of NHAI is· 168.338, 869/-. Our opinion is not qualified in respect of this matter.

(b) We draw our attention to **Note no. 26** where The Company has not appointed full time company secretary and chief financial officer during the year which is in contravention to section 203 of the Companies Act' 2013. Our opinion is not qualified in respect of this matter.

YearendingMarch31,2014

(a) We draw our attention to **Revised Note No.27** to the Notes to Accounts forming part of the financial statements where the Accounts with NHAI have been reconciled but the amount receivable has not been recovered pertaining to the payments made by the company on their behalf on the plea that no debit note/advice/supporting documents have been received by them. The company had produced the necessary advice/documents to NHAI who is accounting for the sameintheirbooksinFinancialYear2014-15.As per the books of the company amount recoverable from NHAI is Rs. 17,67,83,014/-whereas the same as per book of NHAI is Rs.16,73,28,725/-.Our opinion is not qualified in respect of this matter.

(b) We draw our attention to **Revised Note No. 28** to the Notes to Accounts forming part of the financial statements where the initial estimated cost at the time of initiation of the project was Rs. 231.20 crores and it was scheduled to be completed before August,2006. However, there has been delayed and project is operational w.e.f 5th April, 2013 with revised cost of Rs.349.50 crores.

(c) We draw our attention to **Revised Note No.32** to the Notes to Accounts forming part of the financial statements where the company has not appointed full time company secretary during the year which in contravention to the section 383A of the companies Act, 1956. Our opinion is not qualified in respect of this matter.

Year ending March 31, 2013

(a) We draw our attention to **Revised Note No.4** to the Notes to Accounts forming part of the financial statements where the Company has received the share application money of Rs. 293,400,000/- from NHAI and Rs. 177,344,000/- from Tuticorin Port Trust which are pending for allotment as on Balance Sheet date. The company has not provided the interest on pending amount of share application money as required by the notification dated 14.2.2011 under the Unlisted Public Company (preferential allotment) Rule, 2003. The company is in process to allot the share during the financial year 2013-14 against the share application money received. Our opinion is not qualified in respect of this matter.

(b) We draw our attention to **Revised Note No.8** to the Notes to Accounts forming part of the financial statements where the Accounts with NHAI have been reconciled but the amount receivable has not been recovered pertaining to the payments made by the company on their behalf on the plea that no debit note/advice/supporting documents have been received by them. The company had produced the necessary advice/documents to NHAI who is accounting for the same in their books in Financial Year 2013-14. As per the books of NHAI is Rs. 12,59,35,367/- . Our opinion is not qualified in respect to this matter.

(c) We draw our attention to **Revised Note No.9** to the Notes to Accounts forming part of the financial statements where the initial estimated cost at the time of initiation of the project was Rs. 231.20 crores and it was scheduled to be completed before August, 2006. However, there has been delayed and project is rescheduled for completion in May, 2013 with revised cost of Rs.349.50crores. Our opinion is not qualified in respect of this matter.

(d) We draw our attention to **Revised Note No. 12** to the Notes to Accounts forming part of the financial statements where the company has not appointed full time company secretary during the year which in contravention to the section 383A of the companies Act, 1956. Our opinion is not qualified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

The Board of Members

NATIONAL HIGHWAY AUTHORITY OF INDIA

G-5&6, Sector-10, Dwarka,
New Delhi - 110075

Dear Sir,

AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF VISHAKHAPATNAM PORT ROAD COMPANY LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF TAXABLE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), IN THE FINANCIAL YEAR 2018-2019 ("ISSUE").

1. We have read the reformatted financial information of **Vishakhapatnam Port Road Company Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. NHAI/11033/Bharatmala Bonds /Auditor/2018-19 dated September 6, 2018, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2017, 2016, 2015, 2014 and 2013, which have been audited by the following Auditors:

For Financial Year	Name of the Auditor
2016-17	Prakash K. Prakash
2015-16	Prakash K. Prakash
2014-15	Prakash K. Prakash
2013-14	Prakash K. Prakash
2012-13	Chandiwala Virmani & Associates

We have placed reliance on the audit reports of these auditors for the respective years.

2. **Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Schedule III of the Companies Act, 2013.

3. Auditor's Responsibility

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013,and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

4. Financial Information as per Audited Financial Statements

We have read the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2013 to 31st March, 2017 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2013 to 31st March, 2017 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as **'Reformatted Financial Statements'.**

Based on our examination of these Reformatted Financial Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI to this report.

ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Schedule III of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2017. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

iv. The Company has not declared any dividends for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013.

v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers.

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 which are reproduced in Annexure VIII.

5. ***Attention is drawn to the following***:

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, adjustments of amounts pertaining to mathematical accuracy and adjustment of amounts arising out of auditor's qualifications.

6. Other Reformatted Financial Information of the Company:

At the company's request we have read the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2017, 31st March 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013 (Annexure VII)

7. Opinion

In our opinion, and to the best of our information and according to explanations given to us, ***subject to para 5*** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

For PSMG & Associates
Chartered Accountants
Firm No. 008567C

Bharti Prabhakar Negi
Partner
Membership No- 098358

Date: 25 September 2018
Place: Ghaziabad

Annexure-I

VISHAKHAPATNAM PORT ROAD COMPANY LIMITED
G-5 & 6, NHAI Building, Dwarka, Delhi-110075
CIN U74899DL2000PLC109015

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Amounts in Rs. Lakhs)

	PARTICULARS	NOTES	As at 31st march 2017	As at 31st march 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
I.	**EQUITY AND LIABILITIES**						
	(1)Shareholders' Funds						
	(a) Share capital	**2**	7,730.00	3,730.00	3,730.00	3,730.00	3,730.00
	(b) Reserves and surplus	**3**	(2,058.37)	(2,546.82)	(1,829.66)	(1,966.80)	(2,164.80)
	(2) Non-current liabilities						
	(a) Long-term borrowings	**4**	5,660.07	4,690.73	4,610.99	5,291.90	5,781.23
	(b) Deferred Tax Liability		35.69	31.35	44.81	-	-
	(c) Other Long Term Liabilities		-	-	-	-	-
	(3) Current liabilities						
	(a) Short -term borrowings		-	-	-	-	-
	(b) Trade payable	**5**	126.49	142.21	17.36	14.42	18.87
	(c) Other current liabilities	**6**	2,217.13	1,663.25	1,095.03	987.54	1,127.89
	(d) Short -term provisions		-	-	11.41	11.41	11.41
	TOTAL		**13,711.01**	**7,710.73**	**7,679.93**	**8,068.48**	**8,504.60**
II.	**ASSETS**						
	(1) Non-current assets						
	(a) Fixed Assets:						
	(i) Tangible assets	**7**	1.80	2.91	5.38	10.67	14.24
	(ii) Intangible assts	**7**	6,518.99	6,897.70	7,276.41	7,655.12	8,080.40
	(iii) Capital work-in-progress		3,946.87	218.58	129.82	129.82	107.72
	(b) Deferred tax assets (net)						
	(c) Long-term loans and advances	**8**	29.62	24.77	23.19	20.68	16.51
	(d) Other non current asset						
	(2) Current assets						
	(a) Trade receivables						
	(b) Cash and Bank Balances	**9**	2,619.45	533.03	217.33	205.53	229.00
	(c) Short-term loans and advances	**10**	478.69	20.92	22.86	38.95	53.66
	(d) Other current assets	**11**	115.59	12.82	4.95	7.70	3.07
	TOTAL		**13,711.01**	**7,710.73**	**7,679.93**	**8,068.48**	**8,504.60**

VISHAKHAPATNAM PORT ROAD COMPANY LIMITED
G-5 & 6, NHAI Building, Dwarka, Delhi-110075
CIN U74899DL2000PLC109015
REFORMATTED STATEMENT OF PROFIT & LOSS

(Amounts in Rs. Lakhs)

PARTICULARS	NOTES	For the year ended 31.03.2017	For the year ended 31.03.2016	for the year ended 31st March, 2015	for the year ended 31st March, 2014	for the year ended 31st March, 2013
REVENUE						
Revenue from operations	**12**	1,236.31	995.25	892.03	935.93	953.96
Other Income	**13**	33.60	17.01	8.06	88.03	23.18
		1,269.91	**1,012.26**	900.08	1,023.96	**977.15**
EXPENSES						
Employee Benefits Expenses	**14**	16.36	16.13	14.26	16.24	11.74
Finance Costs	**15**	226.97	210.37	225.28	252.81	273.53
Depreciation & Amortisation Expenses	**7**	381.08	381.58	381.50	429.78	430.90
Other Expenses	**16**	136.28	1,145.68	94.01	127.53	79.58
		760.68	**1,753.76**	**715.05**	**826.37**	**795.77**
Profit before Prior Period items, Exceptional and Extraordinary Items and Tax		-	-	-	-	-
Prior Period Items		-	-	0.03	0.64	-
Profit before Exceptional Extraordinary items and Tax		-	-	-	-	-
Exceptional Items		-	-	-	(0.23)	-
Profit/(Loss) before tax		**509.23**	**(741.50)**	185.00	**198.01**	**181.38**
Tax Expense:				-	-	
(1) Current Tax		16.44	-	-	-	
(2) Earlier Years Taxes		-	10.88	-	-	
(3) Deferred Tax		4.34	13.46	44.81	-	
Net Profit/(Loss) for the period		**488.45**	**(717.16)**	**140.19**	**198.01**	**181.38**
Earning per equity share:						
Equity share of Par value ` 10/-each						
(1) Basic	**17**	0.63	(1.92)	0.38	0.53	0.49
(2) Diluted	**17**	0.73	(1.92)	0.38	0.53	0.49

VISHAKHAPATNAM PORT ROAD COMPANY LIMITED
G-5 & 6, NHAI Building, Dwarka, Delhi-110075
CIN U74899DL2000PLC109015
REFORMATTED CASH FLOW STATEMENT

(Amounts in Rs. Lakhs)

	PARTICULARS	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015	For the year ended 31.03.2014	For the year ended 31.03.2013
A	**Cash Flow From Operating Activities :**					
	Net Profit/ (Loss) before Tax	**509.23**	**(741.50)**	**140.19**	**198.01**	**181.38**
	Add : Adjustment for :-	-	-	-	-	-
	Depreciation & Amortisation Expenses	381.08	381.58	381.50	429.78	430.90
	Loss on Sale of Assets	-	-	-	(0.23)	-
	Interest Income	(33.58)	(15.25)	(7.80)	(23.07)	(18.09)
	Finance costs	226.97	210.37	225.28	252.81	273.53
	Tax Paid	-	-	-	-	-
	Net cash from operating activities before Extraordinary	-	-	598.98	659.30	-
	Item and in working capital changes	-	-	-	-	-
	Extraordinary Item(Prior Period Income)	-	-	-	-	-
	Operating Profit/(Loss) before Working Capital changes	**574.46**	**576.70**	**598.98**	**659.30**	**686.34**
	Adjusted for:-					
	Increase / (Decrease) in Current Liabilities	521.71	693.07	155.23	(144.80)	(104.66)
	(Increase) / Decrease in Current Assets	(560.54)	(6.46)	18.85	8.30	(9.86)
	(Increase)/ Decrease in short term loans and advances	-	-	-	-	-
	Increase/ (Decrease) in Short term provisions	-	-	-	-	-
	Other receivable/payable	(4.86)	(1.57)	(2.51)	(2.40)	(0.18)
	Cash flow after Woking Capital Changes	-	-	-	-	-
	Income Tax Paid and/ or FBT	-	-	-	-	-
	Net Cash(used) from Operating Activities (A)	**530.78**	**1,261.75**	**770.55**	**520.40**	**571.65**
B	**Cash Flow From Investing Activities :**					
	(Increase)/ Decrease in Gross Block in fixed assets	(1.26)	(0.40)	(0.56)	(0.93)	-
	(Increase)/ Decrease in Capital work in progress	(3,728.29)	(88.76)	-	(22.10)	(71.22)
	Interest Income	33.58	15.25	7.80	23.07	-
	Repayment of Loans and advances	-	-	-	-	-
	Loss on Sale of Assets	-	-	-	0.23	18.09
	Share Application Money	-	-	-	-	-
	(Increase)/ Decrease in Project Expenses	-	-	-	-	-
	Net cash from Investing Activities (B)	**(3,695.97)**	**(73.92)**	**7.24**	**0.26**	**(53.13)**
C	**Cash Flow From Financing Activities :**					
	Interest on Loan	(226.97)	(210.37)	(225.28)	(252.81)	(273.53)
	Increase in Share Capital	4,000.00	-	-	-	-
	Increase /(Decrease) in other Long term liabilities	-	-	-	-	-
	Long Term Loan	969.34	79.75	**(680.92)**	(489.33)	(591.77)
	Net cash generated from Financing activities (C)					

		4,742.37	**(130.63)**	**(906.19)**	**(742.14)**	**(865.30)**
	Net Increase/(Decrease) In Cash And Cash Equivalents	**2,086.41**	**315.70**	**11.80**	**(23.47)**	**(165.40)**
	Cash And Cash Equivalents At Beginning Of The Year	533.03	217.33	205.53	229.00	394.41
	Cash And Cash Equivalents At End Of The Year	**2,619.45**	**533.03**	**217.33**	**205.53**	**229.00**

VISHAKHAPATNAM PORT ROAD COMPANYLIMITED

NOTES TO REFORMATTED FINANCIALSTATEMENTS

Annexure-IV
(In Rs. Lakhs)

PARTICULARS	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2015	As at Mar 31, 2014	As at Mar 31, 2013
Note 2: SHARE CAPITAL					
Authorised Capital:					
100,000,000 (PY 40000000) Equity Shares of par value 10/- each	10,000	4,000	4,000	4,000	4,000
	10,000	**4,000**	**4,000**	**4,000**	**4,000**
Issued, Subscribed & Fully Paid Up Capital:					
77,300,007 (PY 37300007) Equity Shares of par value 10/- each fully paid up	7,730	3,730	3,730	3,730	3,730
TOTAL	**7,730**	**3,730**	**3,730**	**3,730**	**3,730**

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

Equity Shares	March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
	No of shares.	Amount	No of shares.	Amount	No of shares.	Amount	No of shares.	Amount	No of shares.	Amount
Equity Shares at the beginning of the year	373	3,730	373	3,730.00	373	3,730	373	3,730	373	3,730
Add : Shares issued during the year	400	4,000	-	-	-	-	-	-	-	-
Equity Shares at the end of the year	**773**	**7,730**	**373**	**3,730**	**373**	**3,730**	**373**	**3,730**	**373**	**3,730**

(b) Rights, preferences and restrictions attached to shares

Equity Shares: The Company has one class of equity shares having a par value of ` 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shares held by the shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder	March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
	No of shares.	% of holding	No of shares.	% of holding	No of shares.	% of holding	No of shares.	% of holding	No of shares.	% of holding
National Highways Authority of India (NHAI)	387.00	50.06%	187.00	50.13%	187.00	50.13%	187.00	50.13%	187.00	50.13%
Vishakhapatnam Port Trust (VPT)	386.00	49.94%	186.00	49.87%	186.00	49.87%	186.00	49.87%	186.00	49.87%
	773.00	**100%**	**373.00**	**100%**	**373.00**	**100%**	**373.00**	**100%**	**373.00**	**100%**

Note 3: RESERVE & SURPLUS

Particulars	As At March 31, 2017	As At March 31, 2016	As At March 31, 2015	As At March 31, 2014	As At March 31, 2013
Surplus/(Loss) as per Statement of Profit & Loss					
As per last Balance Sheet	(2,546.82)	(1,829.66)	(1,966.80)	(2,164.80)	(2,346.19)
Add: Profit/ (Loss) for the year	488.45	(717.16)	140.19	198.01	181.38
Assets written off (net of depreciation)	-	-	(3.06)	-	-
TOTAL	**(2,058.37)**	**(2,546.82)**	**(1,829.66)**	**(1,966.80)**	**(2,164.80)**

Note 4. LONG TERM BORROWINGS

Particulars	Non Current					Current				
	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2015	As at Mar 31, 2014	As at Mar 31, 2013	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2015	As at Mar 31, 2014	As at Mar 31, 2013
	Amount (Rs.)					Amount (Rs.)				
Unsecured										
Loans & Advances From Related Parties										
From National Highways Authority of India (NHAI)	3,713.45	2,811.76	2,797.30	3,541.24	4,091.41	-	875.96	710.27	445.84	685.54
From Viskhapatnam Port Trust (VPT)	1,180.00	1,180.00	1,180.00	1,180.00	1,180.00	-	-	-	-	-
	-									
Interest accrued but not due on borrowings : Unsecured	-									

From National Highways Authority of India (NHAI)	-	-	-	-	-	136.63	124.04	139.73	354.16	187.46
From Viskhapatnam Port Trust (VPT)	766.62	698.98	633.68	570.66	509.83	-	-	-	-	-
TOTAL	5,660.07	4,690.73	4,610.99	5,291.90	5,781.23	136.63	1,000.00	850.00	800.00	873.00

Note - 7 Fixed Assets

PARTICULARS	NET BLOCK				
	As at 31.03.2017	**As at 31.03.2016**	**As at 31.03.2015**	**As at 31.03.2014**	**As at 31.03.2013**
Tangible Assets					
Furniture & Fixtures	0.20	0.34	0.52	0.70	0.57
Office Equipments	0.66	0.44	0.60	2.77	29.78
Data Processing Equipments	0.93	0.37	0.01	0.46	3.47
Electrical Installations	0.01	1.76	4.25	6.74	7.23
Total Tangible Assets	1.80	2.91	5.38	10.67	14.24
Intangible Assets					
VPRCL Toll Road	6,518.99	6,897.70	7,276.41	7,655.12	8,080.40
Total Intangible Assets	6,518.99	6,897.70	7,276.41	7,655.12	8,080.40
Total	6,520.79	6,900.61	7,281.78	7,665.78	8,094.64
Previous Year	6,900.61	7,281.78	7,665.78	8,094.64	8,525.54

Depreciation & Amortisation Expense	**As at 31.03.2017**	**As at 31.03.2016**	**As at 31.03.2015**	**As at 31.03.2014**	**As at 31.03.2013**
Depreciation	381.08	381.58	381.50	429.78	430.90
Add/(Less) Depreciation of Prior Period	-	-	-	-	-
Preliminary Expenses Amortised	-	-	-	-	-
Total	381.08	381.58	381.50	429.78	430.90

					(Amounts in Rs. Lakhs)
PARTICULARS	**As at Mar 31, 2017**	**As at Mar 31, 2016**	**As at Mar 31, 2015**	**As at Mar 31, 2014**	**As at Mar 31, 2013**
5. TRADE PAYABLE					
Total outstanding dues of Micro Enterprise and Small Enterprise*		-	-	-	-
Total outstanding dues to creditors other than Micro Enterprise and Small Enterprise	126.49	142.21	17.36	14.42	18.87
TOTAL	**126.49**	**142.21**	**17.36**	**14.42**	**18.87**

*Note: There are no outstanding dues to Micro, Medium and Small Scale Business Enterprises. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company

6. OTHER CURRENT LIABILITIES					
Professional Fees					0.71
Retention Money/ EMD/ Security Deposits	228.34	156.84	80.11	11.01	85.57
Other Payable : TDS/TCS/LabourCess etc.	109.18	64.86	23.96	30.21	28.58
Deposit Work advances	1,720.17	438.72	140.00	140.00	140.00
Current Maturities of Long Term Debt	-	875.96	710.27	445.84	0.00
Current Portion of Interest Accrued but not due on borrowings	136.63	124.04	139.73	354.16	685.54
Other Payable	3.29	0.11	0.13	0.35	187.46
Other Payable (Salary & CPF Contribution)	1.06	0.71	-	3.16	0.02
Other Deposits / Withheld STUP	2.02	2.02	0.82	2.00	-
Other Deposits				0.82	

Provision for Tax	16.44	-	-	-	-
					-
TOTAL	**2,217.13**	**1,663.25**	**1,095.03**	**987.54**	**1,127.18**
PARTICULARS	**As at Mar 31, 2017**	**As at Mar 31, 2016**	**As at Mar 31, 2015**	**As at Mar 31, 2014**	**As at Mar 31, 2013**
8. LONG TERM LOANS AND ADVANCES					
(Unsecured considered good)					
Advance Income Tax/ TDS/ FBT	25.23	20.37	18.80	16.29	**12.22**
Security Deposits	4.39	4.39	4.39	4.39	**4.29**
TOTAL	**29.62**	**24.77**	**23.19**	**20.68**	**16.51**
9. CASH AND CASH EQUIVALENTS	**As at Mar 31, 2017**	**As at Mar 31, 2016**	**As at Mar 31, 2015**	**As at Mar 31, 2014**	**As at Mar 31, 2013**
Cash in hand	0.02	0.08	0.03	0.04	0.01
Balance with Banks in:	-	-	-	-	-
Current Accounts	927.58	138.96	79.80	3.00	1.83
Fixed deposits with banks	1,691.84	394.00	137.50	202.49	227.16
TOTAL	**2,619.45**	**533.03**	**217.33**	**205.53**	**229.00**
10. SHORT TERM LOANS AND ADVANCES					
(Unsecured, Considered Good)	**As at Mar 31, 2017**	**As at Mar 31, 2016**	**As at Mar 31, 2015**	**As at Mar 31, 2014**	**As at Mar 31, 2013**
Group Concern					
- National Highways Authority of India - Expenses Recoverable *	43.52	20.55	22.60	38.72	34.97
Others	435.17	0.37	0.26	0.23	1.77
	-	-	-	-	16.92
** Balance of NHAI is subject to reconcilation and confirmation*					
TOTAL	**478.69**	**20.92**	**22.86**	**38.95**	**53.66**
11. OTHER CURRENT ASSETS					
Recoverable from Toll Collecting Agency	108.87	11.06	2.52	-	-
Interest Accrued and due on Term Deposits	6.71	1.76	2.42	7.70	3.07
TOTAL	**115.59**	**12.82**	**4.95**	**7.70**	**3.07**
PARTICULARS	**As at Mar 31, 2017**	**As at Mar 31, 2016**	**As at Mar 31, 2015**	**As at Mar 31, 2014**	**As at Mar 31, 2013**
12. REVENUE FROM OPERATIONS					
Income from Toll Receipts	1,235.04	995.06	892.03	935.93	953.96
Penalty	1.27	0.19	-	-	
TOTAL	**1,236.31**	**995.25**	**892.03**	**935.93**	**953.96**
13. OTHER INCOME					
Interest from Bank on deposits	33.58	15.25	7.80	23.07	18.09
Other Non-Operating Income	0.02	1.19	0.26	64.96	5.09
Interest on Income Tax Refund	-	0.57	-	-	-
TOTAL	**33.60**	**17.01**	**8.06**	**88.03**	**23.18**
14. EMPLOYEE BENEFIT EXPENSE					
Salary, Wages & Allowances	15.47	14.62	12.87	14.81	11.25
CPF Contribution	0.21	0.38	0.39	0.55	0.37
Staff Welfare Expenses	0.16	0.21	0.13	0.14	0.12
Rent for Residence/Licence fee	0.51	0.93	0.88	0.73	-
TOTAL	**16.36**	**16.13**	**14.26**	**16.24**	**11.74**
15. FINANCE COSTS					
Interest Expenses	226.97	210.37	**225.28**	252.81	273.53
TOTAL	**226.97**	**210.37**	**225.28**	**252.81**	**273.53**

16. OTHER EXPENSES	**As at Mar 31, 2017**	**As at Mar 31, 2016**	**As at Mar 31, 2015**	**As at Mar 31, 2014**	**As at Mar 31, 2013**
Operating & Maintenance Expenses					
Toll Collection & Security Expenses	-	1.94	8.15	3.57	15.06
Repairs & Maintenance of Highways	65.38	1,136.80	77.02	96.73	41.09
	65.38	**1,138.74**	**85.17**	**100.29**	**56.16**
Establishment & Administrative Expenses					

Payment to Auditors					
Audit Fees	1.50	1.34	1.15	1.15	1.15
Tax Audit Fees	0.58	0.58	0.20	0.20	0.20
Service Tax			0.17	0.16	0.17
Internal Audit fee	0.99	0.99	0.99	0.99	0.99
Reimbursement of Expenses	1.06	0.44	0.50	1.35	0.81
Rates, Taxes & Filing fees	59.43	0.02	0.05	0.13	0.08
Director Sitting Fees	0.40	0.29	-	-	-
Postage, Telephone and Courier charges	0.03	0.05	0.19	0.36	0.35
Travelling & Conveyance Expenses	2.27	1.38	1.42	2.83	2.41
Printing & stationery	-	0.02	0.02	-	0.01
Legal & Professional Charges	1.05	0.63	2.90	17.68	14.76
Repair Maintenance of Equipments	0.03	0.03	0.04	0.05	0.10
Repair Maintenance - Others	0.13	0.08	0.06	0.06	-
Electricity & Water Charges	0.49	0.13	0.09	1.15	1.00
Land Leasehold Charges	0.00	0.00	-	-	0.49
Security Expenses	0.96	-	-	0.00	0.00
Miscellaneous Expenses	1.98	0.97	0.96	1.08	0.91
	70.89	**6.94**	**8.84**	**27.24**	**23.43**
TOTAL	**136.28**	**1,145.68**	**94.01**	**127.53**	**79.58**

VISHAKHAPATNAM PORT ROAD COMPANY LTD.

SIGNIFICANT ACCOUNTING POLICIES (31st MARCH,2017,2016,2015,2014,and2013)

a) Basis of Accounting(31st MARCH,2017,2016,2014,and2013)

The financial statements have been prepared under the historical cost convention, on the accrual basis of Accounting.

Basis of Accounting (31st MARCH,2015)

The company maintains its accounts on going concern assumption and on accrual basis following the historical cost convention. The financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules 2014 (as amended) other requirements of the Companies Act, 2013. The Accounting policies adopted in the preparation of the financial statements are consistent with those followed in previous year.

b) Revenue Recognition (31st MARCH, 2017,2013)

Toll Revenue is recognized on the basis of weekly remittance by the toll collecting agency as per contract agreement.

Revenue Recognition (31st MARCH, 2016)

Toll Revenue is recognized on the basis of weekly remittance by the toll collecting agency as per contract agreement. An amount of Rs. 29,95,167/- (excluding penalty) has not been recognized as income pertaining to the toll collected by the agency for the period 26.02.14 to 31.03.14 but not remitted to the company. The matter is pending in court. The same will be accounted as income once the matter is decided by District Court Vishakhapatnam.

Revenue Recognition (31st MARCH, 2015)

Toll Revenue is recognized on the basis of weekly remittance by the toll collecting agency as per contract agreement. An amount of Rs. 29,95,167/· (excluding penalty) has not been recognized as Income pertaining to the toll collected by the agency for the period 01.04.14 to 10.04.14 but not remitted to the company. The matter is pending in court. The same will be accounted as Income once the matter is decided by District Court Vishakhapatnam.

Revenue Recognition (31st MARCH, 2014)

Toll Revenue is recognized on the basis of weekly remittance by the toll collecting agency as per contract agreement. An amount of Rs.61,93,953/· (excluding penalty) has not been recognized as Income pertaining to the toll collected by the agency for the period 26.02.14 to 31.03.14 but not remitted to the company. The matter is pending in court. The same will be accounted as Income once the matter is decided by District Court Vishakhapatnam.

c) Fixed Assets(31st MARCH,2017,2016,2015,2014,and2013)

Fixed assets are stated at their original cost of acquisition (including incidental expenses relating to the acquisition and installation of assets) less depreciation.

d) **Depreciation (31st MARCH, 2017, 2016 and 2015)**

Depreciation on fixed assets, other than the Toll Road Assets, is provided on the basis of Straight Line Method in the manner prescribe schedule II to the Companies Act, 2013.

Toll Road Assets are amortized on pro-rata basis over the relevant remaining concession period after the date of completion of project.

Depreciation (31st MARCH, 2014 and 2013)

Depreciation on fixed assets, other than the Toll Road Assets, is provided on the basis of Straight Line Method in the manner prescribe schedule XIV to the Companies Act, 1956. Assets costing upto Rs.5000/- are fully depreciated in the year of acquisition.

Toll Road Assets are amortized on pro-rata basis over the relevant remaining concession period after the date of completion of project.

e) **Borrowing Cost (31st MARCH, 2017, 2016, 2015, 2014, and 2013)**

Interest prior to the completion of project is capitalized to the qualifying asset. Interest after the completion of project is charged to Revenue.

f) **Expenses Shared with NHAI (31st MARCH,2017)**

As per the agreement with NHAI, the establishment and administrative expenses of site office has been apportioned between NHAI and Company in the ratio 3:1. The total establishment expenditure of site office is Rs.1069109/· out of which Rs.32,07,185/- has been transferred, to NHAI and balance of Rs. 10,69,109/- has been booked in the company. Similarly Rs.9,09,904 has been incurred by NHAI on behalf

Expenses Shared with NHAI (31st MARCH,2016)

As per the agreement with NHAI, the establishment and administrative expenses of site office has been apportioned between NHAI and Company in the ratio 3:1. The total establishment expenditure of site office is Rs. 3875170/- out of which Rs. 2906379/- has been transform to NHAI and balance of Rs. 968791/- has been booked in the company.

Expenses Shared with NHAI (31st MARCH,2015)

As per the agreement with NHAI, the establishment and administrative expenses of site office has been apportioned between NHAI and Company in the ratio 3:1. The total establishment expenditure of site office is Rs. 3953720/- out of which Rs. 2965292/- has beer, transferred to NHAI and balance of Rs. 988428/- has been booked in the company.

Expenses Shared with NHAI (31st MARCH,2014)

As per the agreement with NHAI, the establishment and administrative expenses of site office has been apportioned between NHAI and Company in the ratio 3:1. The total establishment expenditure of site office is Rs. 6058590/- out of which Rs. 4543944/- has been transferred to NHAI and balance of Rs. 1514646/- has been booked in the company.

Expenses Shared with NHAI (31st MARCH,2013)

As per the agreement with NHAI, the establishment and administrative (expenses of site other has been apportioned between NHAS and Company in the ratio 3:1. The total establishment expenditure of site office is Rs. 5161301/- out of which Rs. 3870979/- has been transferred to NHAI and balance of Rs. 1290322/- has been booked in the company.

g) Contingencies (31st MARCH,2017,2016,2015,2014,and2013)

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

h) Deferred Taxation (31st MARCH,2017,2016,2015,2014,and2013)

Tax liability of the Company is estimated considering the provision of the income Tax Act, 1961. Deferred Tax is recognized subject to the consideration of prudence, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

i) Cash and cash equivalents (31st MARCH,2017)

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

j) Expenses Recognition (31st MARCH,2017)

Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities.

k) Contingencies and Event Occurring after the Balance Sheet Date (31st MARCH,2017)

There are no major contingencies and events after the Balance Sheet date that affects the financial position of company.

l) Net profit or loss for the period, prior items and changes in accounting policies (31st MARCH,2017)

During the year under review, there are no material changes in the accounting policies.

m) Impairment of Fixed Assets (31st MARCH,2016,2015,2014,and2013)

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any indication exists, an asset's recoverable amount.An impairment loss in recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment at each recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss it recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31,2017

1. EARNINGS PER SHARE (EPS)	As at 31st March, 2017	As at 31st March, 2016
i) Net Profit/(Loss)after tax as per statement of Profit & Loss attributable to Equity Shareholders(Rs.)	4,88,44,827 7,73,00,007	(7,17,15,15,721) 3,73,00,007
ii) Numbers of Equity Shares used as denominator for calculating Basic EPS	37,300,007	37,300,007
iii) Weighted Average numbers of Equity Shares used as denominator for calculating EPS	0.63	(1.92)
iv) Basic Earnings Per Share(Rs.)	0.73	(1.92)
v) Diluted Earnings Per Share		
vi) Face Value per equity share(Rs.)	10	10

2. EARNINGS IN FOREIGN EXCHANGE Nil
3. IMPORTS ON ClF BASIS Nil
4. EXPENDITURE IN FOREIGN CURENCY Nil
5. REMITIANCE IN FOREIGN CURRENCY Nil
6. Note on Demonetization
7. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below

(Amounts in INR)

Particulars	**SBNs**	**Other Denomination notes**	**Total**
Cash in hand as on November 8, .2016	-	9,082	9,082
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	(3,000)	(3,000)
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on December 30, 2016	-	6,082	6,082

8. Details of related party transactions during the year ended 31st March, 2017 and

balances outstanding as at 31st March, 2017:

Particulars	Entity having significant influence	
	Transaction with NHAI	
Loans Taken	(Amount `) **2016-17**	(Amount `) **2015-16**
Unsecured Loan:		
Opening Balance	36,87,71,524	35,07,57,946
Amount Taken	3,84,69,600	10,19,00,000
Amount Repaid	3,58,95,730	8,38,86,422
Balance Outstanding	**37,13,45,394**	**36,87,71,524**
Interest on above loan:		
Opening Balance	1,24,04,270	1,39,72,531
Interest Repaid	1,24,04,270	1,39,72,531
Interest during the year	1,36,62,612	1,24,04,270
Balance Outstanding	**1,36,62,612**	**1,24,04,270**
Transaction on behalf of Company	9,09,904	9,02,687
	9,09,904	**9,02,687**
Transaction by Company on behalf of NHAI	32,07,185	29,06,379
	32,07,185	**29,06,379**
Net closing balance receoverbale from NHAI	**43,51,999**	**20,54,718**
	Transaction with VPT	
Loans Taken	(Amount `) **2016-17**	(Amount `) **2015-16**
Unsecured Loan:		
Opening Balance	11,80,00,000	11,80,00,000
Balance Outstanding	**11,80,00,000**	**11,80,00,000**
Interest on above loan:		
Opening Balance	6,98,97,669	6,33,68,407
Interest during the year	67,64,316	65,29,262
Balance Outstanding	**7,66,61,985**	**6,98,97,669**

9. Contingent Liabilities and Commitments

Contingent Liabilities	**Current Year**	**Previous Years**
Claim against the Company not acknowledged as debt:	Rs. 22.41 crores	Rs. 23.95 crores
Corporate Guarantee Given by Company	Rs Nil	Rs Nil

10. All the directors of the company are nominees of National Highways Authority of India, the parent organization except one who is nominee of Vishakhapatnam Port Trust. No payment has been made to them as salary/allowance or otherwise except director Sitting Fees.

11. No provision has been made for Gratuity, Leave Encashment and other Retirement Benefits in respect of employees since company does not have any employee of its own as on date. Profit & Loss Account includes salary and wages including payment of rent, medical reimbursement, leave travel, staff welfare etc. of staff on deputation from NHAI/other Govt. departments

12. In the opinion of the management, Current Assets, Loans & Advances are stated at the value, which if realized in the ordinary course of the business, would not be less than the amount stated in the financial statement.

13. During the Audit for the FY 2015-16, it was observed that in the FY 2006-07, although the company has issued Share to VPT of Rs 18.60 Cr but VPT is disclosing as Investment of Rs 18.00 Cr and Corresponding Debt of Rs 11.80 Cr is shown as Rs 12.40 Cr in the books of VPT. Hence, there is a difference of Rs 60.00 Lakhs in Equity share & Debt with VPT. The same is pending for reconciliation with VPT.

14. Similarly, during the Audit of the FY 2015-16, it was observed by CAG, that final project cost of Development of Road Connectivity was projected at 116.00 Cr in the FY 2006-07. Against this, Company had incurred Rs 107.68 Cr to complete the project. Thus the difference of Rs 8.32 Cr is subject to reconciliation.

15. The confirmations in respect of Payables and loans and advances are not called for. Necessary adjustments, if any will be made on settlement of accounts.

16. Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable with current year figures.

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2016

1. EARNINGS PER SHARE (EPS)	**As at 31st March, 2016**	**As at 31st March, 2015**
i) Net Profit/(Loss) after tax as per statement of Profit & Loss attributable to Equity Shareholders (Rs.)	(7,17,15,721)	1,40,19,342
ii) Weighted Average numbers of Equity Shares used as denominator for calculating EPS	3,73,00,007	3,73,00,007
iii) Basic & Diluted Earning Per Share (Rs.)	(1.92)	0.38
iv) Face Value per equity share (Rs.)	10	10

2. EARNINGS IN FOREIGN EXCHANGE	Nil
3. IMPORTS ON CIF BASIS	Nil
4. EXPENDITURE IN FOREIGN CURENCY	Nil
5. REMITTANCE IN FOREIGN CURRENCY	Nil

6. Details of related party transactions during the year ended 31st March, 2016 and balances outstanding as at 31st March, 2016:

Particulars	Entity having significant influence	
	Transaction with NHAI	
	(Amount `)	(Amount `)
Loans Taken	**2015-16**	**2014-15**
Unsecured Loan:		
Opening Balance	35,07,57,946	39,87,08,513
Amount Taken	10,19,00,000	-
Amount Repaid	8,38,86,422	4,79,50,567
Balance Outstanding	**36,87,71,524**	**35,07,57,946**
Interest on above loan:		
Opening Balance	1,39,72,531	3,54,15,889
Interest Repaid	1,39,72,531	3,54,15,889
Interest during the year	1,24,04,270	1,39,72,531
Balance Outstanding	**1,24,04,270**	**1,39,72,531**
Transaction on behalf of Company	9,02,687	7,11,090
	9,02,687	**7,11,090**
Transaction by Company on behalf of NHAI	29,06,379	29,65,292
	29,06,379	**29,65,292**
Net closing balance recoverable from NHAI	**20,54,718**	**22,59,979**
	Transaction with VPT	
	(Amount `)	(Amount `)
Loans Taken	**2015-16**	**2014-15**
Unsecured Loan:		
Opening Balance	11,80,00,000	11,80,00,000
Balance Outstanding	**11,80,00,000**	**11,80,00,000**
Interest on above loan:		
Opening Balance	6,33,68,407	5,70,66,030
Interest during the year	65,29,262	63,02,377
Balance Outstanding	**6,98,97,669**	**6,33,68,407**

7. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities :	**Current Year**	**Previous Year**
Claim against the Company not acknowledged as debt:	Rs. 23.95 crores	Rs. 23.83 crores

8. All the directors of the company are nominees of National Highways Authority of India, the parent organization except one who is nominee of Vishakhapatnam Port Trust. No payment has been made to them as salary/allowance or otherwise.

9. No provision has been made for Gratuity, Leave Encashment and other Retirement Benefits in respect of employees since company does not have any employee of its own as on date. Profit & Loss Account includes salary and wages including payment of rent, medical reimbursement, leave travel, staff welfare etc. of staff on deputation from NHAI/other Govt. departments.

10. In the opinion of the management, Current Assets, Loans & Advances are stated at the value, which if realized in the ordinary course of the business, would not be less than the amount stated in the financial statement.

11. Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable.

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2015

1. EARNINGS PER SHARE (EPS)	As at 31st March, 2015	As at 31st March, 2014
i) Net Profit/(Loss) after tax as per statement of Profit & Loss attributable to Equity Shareholders (Rs.)	1,40,19,342	1,98,00,575
ii) Weighted Average numbers of Equity Shares used as denominator for calculating EPS	3,73,00,007	3,73,00,007
iii) Basic & Diluted Earning Per Share (Rs.)	0.38	0.53
iv) Face Value per equity share (Rs.)	10	10

2. EARNINGS IN FOREIGN EXCHANGE Nil

3. IMPORTS ON CIF BASIS Nil

4. EXPENDITURE IN FOREIGN CURENCY Nil

5. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND Nil

6. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities :			
Claim against the Company not acknowledged as debt:	Rs. 23.83 crores		Rs. 23.83 crores

7. All the directors of the company are nominees of National Highway Authority of India, the parent organization except one who is nominee of Vishakhapatnam Port Trust. No payment has been made to them as salary/allowance or otherwise.

8. No provision has been made for Gratuity, Leave Encashment and other Retirement Benefits in respect of employees since company does not have any employee of its own as on date. Profit & Loss Account includes salary and wages including payment of rent, medical reimbursement, leave travel, staff welfare etc. of staff on deputation from NHAI/other Govt. departments

9. The company being a wholly state owned enterprise as defined under Accounting Standard-18 on Related Party Disclosure, therefore no disclosure is being made as regard to related party relationship with other state control enterprises and transaction with such enterprises.

10. In the opinion of the management, Current Assets, Loans & Advances are stated at the value, which if realized in the ordinary course of the business, would not be less than the amount stated in the financial statement.'

11. Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable.

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2014

1. EARNINGS PER SHARE (EPS)	As at 31st March, 2014	As at 31st March, 2013
i) Net Profit/(Loss)after tax as per statement of Profit & Loss attributable to Equity Shareholders(Rs.)	19,800,575	18,138,116
ii) Weighted Average numbers of Equity Shares used as denominator for calculating EPS	37,300,007	37,300,007
iii) Basic & Diluted Earning Per Share(Rs.)	0.53	0.49
iv) Face Value per equity share(Rs.)	10	10

2	**EARNINGS IN FOREIGN EXCHANGE**	Nil
3	**IMPORTS ON CIF BASIS**	Nil
4	**EXPENDITURE IN FOREIGN CURENCY**	Nil
5	**REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND**	Nil

6. CONTINGENT LIABILITIES ANDCOMMITMENTS

Contingent Liabilities :

Claim against the Company not acknowledged as debt: Rs.23.83croreRs. 23.83crores

7. All the directors of the company are nominees of National Highway Authority of India, the organization except one who is nominee of Vishakhapatnam Port Trust. No payment has been made to the massalary / allowance or otherwise.

8. No provision has been made for Gratuity, Leave Encashment and other Retirement Benefits in respect of employees since company does not have any employee of its own as on date. Profit & Loss Account includes salary and wages including payment of rent, medical reimbursement, leave travel, staff welfare etc. of staff on deputation from NHAI/other Govt. departments

9. The company being a wholly state owned enterprise as defined under Accounting Standard-18 on Related Party Disclousure, therefore no disclosure is being made as regard to related party relationship with other state control enterprises and transaction with such enterprises.

10. In the opinion of the management, Current Assets, Loans & Advances are stated at the value, which if realized in the ordinary course of the business, would not be less than the amount stated in the financial statement.

11. Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable.

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2013

1. EARNINGSPERSHARE(EPS)

i) Net Profit/(Loss)after tax as per statement of Profit & Loss attributable to Equity Shareholders(Rs.)	1,81,38,116	(1,84,79,017)
ii) Weighted Average numbers of Equity Shares used as denominator for calculating EPS	3,73,00,007	3,73,00,007
iii) Basic & Diluted Earnings Per Share(Rs.)	0.49	(0.50)
iv) Face Value per equity share (Rs.)	10	10

2	**EARNINGS IN FOREIGN EXCHANGE**	Nil
3	**IMPORTS ON CIF BASIS**	Nil
4	**EXPENDITURE IN FOREIGN CURENCY**	Nil
5	**REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVDIVIDEND**	Nil

6 **CONTINGENT LIABILITIES AND**

COMMITMENT Contingent

Liabilities:

Claim against the Company not acknowledged as debt: Rs.23.83croresRs. 26.34crores

7. All the directors of the company are nominees of National Highway Authority of India, the parent organization except one who is nominee of Vishakhapatnam Port Trust. No payment has been made to them as salary/allowance or otherwise.

8. No provision has been made for Gratuity, Leave Encashment and other Retirement Benefits in respect of employees since company does not have any employee of its own as on date. Profit & Loss Account includes salary and wages including payment of rent, medical reimbursement, leave travel, staff welfare etc. of staff on deputation from NHAI/other Govt. departments

9. The company being a wholly state owned enterprise as defined under Accounting Standard-18 on Related Party Disclosure, therefore no disclosure is being made as regard to related party relationship with other state control enterprises and transaction with such enterprises.

10. In the opinion of the management, Current Assets, Loans & Advances are stated at the value, which if realized in the ordinary course of the business, would not be less than the amount stated in the financial statement.

11. Previous year's figures have been regrouped / rearranged wherever necessary to make them comparable.

Qualification/Emphasis of Matter paragraph to Auditors' Reports: Annexure-VIII

Year ended March 31, 2017

1. Attention is invited to point Number 8 (long Term loans & Advances) of the attached Balance sheet. In this, a sum of Rs 21,87,385/- is shown as Advance Income/ TDS / FBT recoverable from Income tax Department. However, Income tax Department has already adjusted this amount towards old outstanding Income demand. Hence, to this extend, amount of long Term loans & Advances are over stated as on 31.03.2017

2. Balances of all Payables, retention money, Unsecured loans, deposits & Recoverable is subject to Confirmation & Reconciliation as on 31.03.2017, as there is no system in the company to take balance Confirmation.

3. The Company has violated the prov1s1ons of Section 203 of Companies Act, 2013 by not appointing a full time company Secretary, MD & CFO and Registrar Companies, Delhi may take penal action the company and its directors.

4. The company has not followed Accounting Standard -15 - Accounting for Retirement Benefits by not creating provision for Gratuity & leave encashment in respect of its employees.

5. Attention is invited to Point No. 27 & 28 of the balance sheet which is reproduced as below:

   Point No. 27 – During the Audit for the FY 2015-16, it was observed that in the FY 2006-07, although the company has issued Share to VPT of Rs. 18.60 Cr but VPT is disclosing as Investment of Rs. 18.00 Cr and Corresponding Debit of Rs. 11.80 Cr is shown as Rs. 12.40 Cr in the books of VPT. Hence, there is a difference of Rs. 60.00 Lakhs in Equity Share & Debit with VPT. The same is pending for reconciliation with VPT.

   Point No. 28 – Similarly, during the Audit of the FY 2015-16, it was observed by CAG, that final project cost of Development of Record Connectivity was projected at 116.00 Cr in the FY 2006-07. Against this, Company had incurred Rs. 107.68 Cr to complete the project. Thus the difference of Rs. 8.32 Cr is subject to reconciliation.

Year ended March 31, 2016

Attention is invited to point Number 9 (Long Term Loans & Advances) of the attached Balance sheet. In this, a sum of Rs 20,37,385/- is shown as Advance Income / TDS / FBT recoverable from Income tax Department. However, the Income tax Department has already adjusted as sum of Rs 18,84,926/- towards old outstanding Income demand. Hence, to this extend, amount of Long Term Loans & Advances are over stated as on 31.03.2016.

Year ended March 31, 2015

According to the information and explanation given to us and records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including Provident Fund, employees' State Insurance, Income Tax, Sales Tax, Service Tax and other material statutory dues applicable with the appropriate authorities.

According to information and explanations given to us and records of the Company examined by us, there are no dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Excise Duty Customs duty that have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of dues	Amount Rs. (In Lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax, Act 1961	Penalty Under Section 271(1)	11.41	Assessment Year 2006-07	CIT (A)

Year ended March 31, 2014

According to the information and explanations given to us, no undisputed amount payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31/03/3013 for a period of more than six months from the date they became payable.

Name of the Statute	Nature of dues	Amount Rs. (In Lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax, Act 1961	Penalty Under Section 271(1)	11.41	Assessment Year 2006-07	CIT (A), New Delhi

Year ended March 31, 2013

According to the information and explanations given to us, no undisputed amount payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31/03/3013 for a period of more than six months from the date they became payable.

Name of the Statute	Nature of dues	Amount Rs. (In Lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax, Act 1961	Penalty Under Section 271(1)	11.41	Assessment Year 2006-07	CIT (A), New Delhi

Statement of Accounting Ratios

PARTICULARS	2017	2016	2015	2014	2013
Earning per share (Basic/Diluted) (Rs.)	0.63/ 0.73	(1.92)	0.38	0.53	0.49
Return on net worth (%)	0.09	(0.61)	0.07	0.11	0.12
Net asset value per equity share (Rs.)	7.34	3.17	5.10	7.73	4.20
Weighted average number of equity shares outstanding during the year / period (in crore)	6.73	3.73	3.73	3.73	3.73
Total number of share outstanding at the end of the year / period (in crore)	7.73	3.73	3.73	3.73	3.73
Debt Equity Ratio	1.00	4.73	2.82	3.25	3.69

Notes:

The ratios have been computed as below:

Earning per Share (Rs.)	=	Profit after tax / Number of equity shares at the end of the year.

Return on net worth (%)	=	Profit after tax / Net Worth at the end of the year.
Net asset value per equity share (Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year.
Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.
		(Other current liabilities + Current maturities for long term debt) / Shareholders Fund

APPENDIX III

CREDIT RATINGS

CARE Ratings
Professional Risk Opinion

CARE/DRO/RL/2018-19/2037

Mr. Madhup Kumar
Chief General Manager (Finance)
National Highways Authority of India
G-5 & 6, Sector – 10, Dwarka,
New Delhi – 110 045

Aug 10, 2018

Confidential

Dear Sir,

Credit rating for Long-term Borrowing Programme for FY19

Please refer to our letter dated July 23, 2018 and your request for revalidation of the rating assigned to the borrowing programme of your company, for a limit of Rs.62,000 crore (Through different modes including Public Issue of Bharatmala Bonds).

2. The following rating has been reviewed:

Instrument	Amount (Rs. crore)	Rating[1]	Remarks
Long-term Borrowing Programme for FY19 (Through different modes including Public Issue of Bharatmala Bonds).	62,000 (Rupees Sixty Two Thousand Crore only) (Through different modes including Public Issue of Bharatmala Bonds).	**CARE AAA; Stable (Triple A; Outlook: Stable)**	**Reaffirmed**

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.

4. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

RS

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)
CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22-6754 3436 • Fax: +91-22-6754 3457
Email: care@careratings.com • www.careratings.com
13th Floor, E-1 Block, Videocon Tower Jhandewalan Extension, New Delhi - 110 055.
Tel: +91-11-4533 3200 • Fax: +91-11-4533 3238

CIN-L67190MH1993PLC071691

5. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
6. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

[Richa Jain]
Deputy Manager
Richa.j@careratings.com

for Gaurav Dixit

[Jasmeen Kaur]
Associate Director
Jasmeen.kaur@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.
In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Rating Rationale

National Highways Authority of India

Ratings

Instrument	Amount (Rs. crore)	Rating[1]	Remarks
Long term tax free bonds	10,000	**CARE AAA; Stable (Triple A; Outlook: Stable)**	**Reaffirmed**
Long term tax free bonds	5,000	**CARE AAA; Stable (Triple A; Outlook: Stable)**	**Reaffirmed**
Long term tax free bonds	19,000	**CARE AAA; Stable (Triple A; Outlook: Stable)**	**Reaffirmed**
Total	**34,000 (Rs. Thirty Four Thousand Crore only)**		
Long-term Borrowing Programme for FY16-17	33,118 (Rupees Thirty Three Thousand One Hundred and Eighteen Crore only)	**CARE AAA; Stable (Triple A; Outlook: Stable)**	**Reaffirmed**
Long-term Borrowing Programme for FY17-18	59,000 (Rupees Fifty Nine Thousand crore only)	**CARE AAA; Stable (Triple A; Outlook: Stable)**	**Reaffirmed**
Long-term Borrowing Programme for FY18-19	62,000 (Rupees Sixty Two Thousand crore only)	**CARE AAA; Stable (Triple A; Outlook: Stable)**	**Assigned**

Details of instruments in Annexure-1

Rating Rationale

The ratings assigned to the various instruments of National Highways Authority of India (NHAI) take into account the high level of support that NHAI receives from the Government of India (GoI) in the form of capital grants, allocation of cess funds and Additional Budgetary Support (ABS) due to its strategic importance as the country's nodal agency for implementing various road sector projects including various phases of the National Highways Development Programme (NHDP). The outlook on NHAI reflects the outlook on the sovereign whose direct and indirect support is the key driver of the rating. NHAI was incorporated as an autonomous body under the National Highways Authority of India Act, 1988 and the rating takes into account the constitutional status imparting credit strength to the authority.

Going forward, the fund-based and non-fund-based support that NHAI receives from GoI and successful execution of its mandate would remain the key rating sensitivities.

[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

Background

National Highway Authority of India (NHAI) was constituted u/s 3(1) of the National Highways Authority of India Act, 1988 and started operations in February, 1995 to develop, maintain and manage national highways in the country. NHAI is vested with executive powers for developing national highways in India by the Ministry of Road Transport & Highways (MoRTH). The mission of NHAI is to meet the nation's need for the provision and maintenance of national highway networks to world standards within the strategic policy framework set by the Government of India (GoI). NHAI has a well-defined organization structure and is managed by Board Members (whole-time and part-time). The board is currently headed by Mr. Deepak Kumar, IAS, who was appointed as Chairman of NHAI in June 2017. In addition, the board has experienced full-time members individually looking after the functions of finance, technical and administration. During FY17, NHAI has awarded projects for a length 4,335 km (as against 4,344 km in FY16 and 3,067 km in FY15).

Credit Risk Assessment

Support from the Government of India

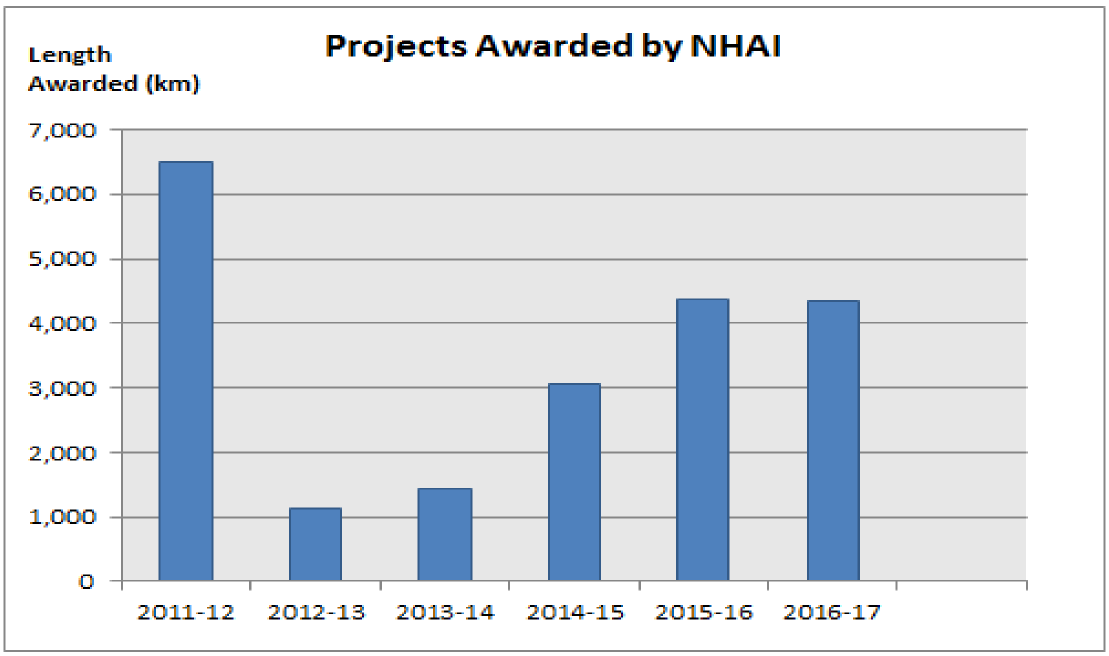
The Government of India (GoI) has a 100% stake in NHAI. NHAI receives continuous support from GoI in the form of capital grants, allocation of cess funds, Additional Budgetary Support (ABS) and guarantees for its market borrowing programmes.

Strategic importance as the country's nodal agency for road projects

NHAI is the nodal agency responsible for the development and maintenance of National Highways. NHAI is vested with executive powers for developing national highways in India by the Ministry of Road Transport & Highways (MoRTH). The charter of NHAI is set out in the National Highways Act, 1956 and National Highways Authority of India Act, 1988 which cover delegation of power and functions of the highway administration to NHAI, enhanced powers for land acquisition and right to collect tolls for road projects on its own or through third parties.

Current operational performance

After the announcement of NHDP in 1999 and with the approval of NHDP Phase-I in 2000, the scope of NHDP has been enlarged substantially over the years with NHDP Phase-VII also launched. During FY17, NHAI has awarded projects for a length of 4,335 km (as against 4,344 km in FY16 and 3,067 km in FY15). NHAI has set itself an award target of 6,502.74 km for FY18. Out of the total projects under NHDP, NHAI has completed the work on about 28,479 km till March 31, 2017 (PY till Jan-17: 23,922 km) of road length while almost 9,208 km of the road length is yet to be awarded as on March 31, 2017. A brief snapshot of the projects awarded over the past few years is given below –



The award activity was sluggish in FY13 and FY14 due to the economic slowdown and issues pertaining to environment & forest clearance and land acquisition problems. However, after a challenging operating environment, the prospects for infrastructure/construction sector are looking better on account of a stable government with an increased thrust on the infrastructure sector, as well as easing of policy logjams and regulatory hurdles. This can be evidenced from the fact that award activity has improved in FY15, FY16 and FY17.

Future plans and steps taken to rejuvenate award activity

The government had launched the Hybrid Annuity Model (HAM) to propel the sector further due to issues with BOT projects in the past. The **Hybrid Annuity Model (HAM)** is a new model of awarding projects and is a mix of the EPC and BOT formats, wherein NHAI would bear 40% of the project cost while the private player would fund the remaining 60% of the project cost (through debt or equity). NHAI would be responsible for toll collection and would reimburse the private player by way of regular semi-annual annuity payments. This model will reduce the financial burden on the concessionaire due to lower upfront costs while NHAI would face less cash flow pressure compared to the EPC model.

The government is also looking at introducing innovative financing methods like the **Toll-Operate-Transfer (TOT) model**. Under this model, already constructed stretches of national highways will be awarded to private players for toll collection for a fixed period in lieu of an upfront fee which would be based on future toll projections, thereby helping in mobilizing additional resources for construction of new highways. Thus, in essence private tolls would be used to fund new roads via securitization of future cash flows.

A snapshot comparison of the various modes is given below –

Mode	Financing	Revenue Source for Developer	Construction
BOT – Toll	Developer	Toll Collection	Developer
BOT – Annuity	Developer	Semi-Annual Annuity	Developer
EPC	NHAI	NHAI	Developer
Hybrid Annuity	Developer - 60%, NHAI - 40%	Semi-Annual Annuity	Developer

Some other measures which the government has taken are creating a more liberalised process for grant of forest clearances, streamlining of processes within NHAI so as to ensure transparency and coming out with an exit policy for unlocking capital for investment by allowing developers to exit highway projects 2 years after they are completed

Strong financial flexibility

During FY16, NHAI was allocated cess funds of Rs. 15,420 crore (Rs.6,886 crore in FY15 and Rs. 6,857 crore in FY14) out of the Central Road Fund (CRF). Further, NHAI also receives funds from GoI by way of additional budgetary support for the development of national highways, and by way of grants and loans for execution of externally aided projects. The tangible Net-worth has risen by 17.75% (y-o-y) to Rs. 1,39,177 crore as on March 31, 2016. This has further gone up by

18% to Rs. 1,40,001 crore as on March 31, 2017 (UA) due to additional cess funds/budgetary support from the government. Due to strong Net-worth base and 100% stake by GoI, NHAI has strong financial flexibility resulting into inflow of unsecured loans from multilateral financing institutions (viz. ADB, World Bank, JBIC) and private sector participation (via the PPP model) to execute projects within India. However, the government has reduced fuel cess of NHAI. Further, union budget for FY19 has scraped central road fund to be allocated to MORTH. The ministry shall now have the flexibility to utilize it in other sectors like railways, ports, hospital etc., which is likely to increase funding requirement for NHAI from other sources.

Furthermore, NHAI has been authorized under National Highways Act, 1956 to raise funds from capital market through bonds, debentures etc.

The long-term borrowing programme for FY18 of Rs.59,279 crores had an outstanding of Rs. 50,533 crore as on March 31, 2018. Out of the said programme, NHAI raised Rs.10,000 crore from EPFO through Taxable bonds, Rs.2375 crore from the bond market, Rs.8500 crore from LIC, Rs.3,000 cr from Masala bonds, Rs.20,000 through NSSF loan and Rs.6,658 crore through 54EC capital gain bonds.

Prospects

Over the years, NHAI has played a key role in the government’s aim to provide better road connectivity across the country. NHAI being a statutory authority, the importance of NHAI is only expected to remain significant moving forward with the renewed push by the government to speed up road construction by employing new and innovative means of awarding projects and raising funds.

Therefore, the growth prospects of NHAI shall be governed by the fund and non-fund-based support extended by the Government of India (GoI), increasing infrastructure investment as envisaged, speeding up of the statutory approval process to attract private investment and continuing the momentum of road construction.

Financial Performance

(Rs. Cr)

Year ended / as on March 31,	2014	2015	2016
	12m, A	***12m, A***	***12m, A***
Total Income	11	17	13
PBILDT before prior period items	-182	-191	-212
PBILDT after prior period items	-189	-200	-220
Net Profit	-194	-206	-229
CWIP	123,065	140,797	1,76,454
Equity Share Capital	801	801	801
Cess Funds/ Budgetary Support	91,903	1,03,719	1,24,714
Capital Grants	13,674	13,669	13,663
Tangible Net-worth	106,378	118,190	1,39,185
Total Borrowings	24,068	24,893	45,270
Total Capital Employed	1,30,446	1,43,083	1,84,455
Total Investments	1,209	1,216	1,217
Cash & Bank balances	8,870	2,672	6,741

A: Audited, NM: Not Meaningful

CONFIDENTIAL

NATHIAU/196797/TFB/051701945/10
August 17, 2018

Mr. Sanjeev Kumar
GM Finance
National Highways Authority of India
G 5&6, Sector-10, Dwarka
Delhi - 110075

Dear Mr. Sanjeev Kumar,

Re: CRISIL Rating on the Rs.62000 Crore Long-Term Borrowing Programme of National Highways Authority of India

All ratings assigned by CRISIL are kept under continuous surveillance and review.

Please find in the table below the rating outstanding for your company.

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Long-Term Borrowing Programme*	62000	CRISIL AAA/Stable

***Through different modes including public issue of Bharatmala Bonds**

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Sushmita Majumdar
Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

Rating Rationale

March 29, 2018 | Mumbai

National Highways Authority of India

'CRISIL AAA/Stable' assigned to Long-Term Borrowing Programme

Rating Action

Rs.62000 Crore Long-Term Borrowing Programme	**CRISIL AAA/Stable (Assigned)**
Rs.59000 Crore Long-Term Borrowing Programme	**CRISIL AAA/Stable (Reaffirmed)**
Rs.33118 Crore Long-Term Borrowing Programme	**CRISIL AAA/Stable (Reaffirmed)**
Rs.19000 Crore Tax Free Bonds	**CRISIL AAA/Stable (Reaffirmed)**
Rs.10000 Crore Tax Free Bonds	**CRISIL AAA/Stable (Reaffirmed)**
Rs.5000 Crore Tax Free Bonds	**CRISIL AAA/Stable (Reaffirmed)**

1 crore = 10 million
Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has assigned its **'CRISIL AAA/Stable'** rating on the long-term borrowing programme of Rs 62,000 crore and reaffirmed its 'CRISIL AAA/Stable' rating on the tax-free bonds of Rs 34,000 crore and Rs 92,118 crore tax-free bonds and long-term borrowing programme of National Highways Authority of India (NHAI).

The rating continues to reflect NHAI's strategic importance to the Government of India (GoI), and strong financial risk profile, driven by continued support from GoI.

Key Rating Drivers & Detailed Description

*** Strategic Importance to GOI**

NHAI, constituted by an act of the Indian Parliament, is the nodal agency for implementing the National Highways Development Project (NHDP) for the government. NHDP, worth over Rs.247000 Crore, is one of the largest projects in the country. GoI has identified road sector reforms as a key area for removing infrastructure bottlenecks. The government's thrust on building roads and highway infrastructure is reflected in the 11% increase in total outlay (budgetary allocation & internal and extra budgetary resources) to Ministry of Road Transport in the Budget 2017-18 over the revised estimates for 2016-17.

* **Strong financial risk profile, driven by continued support from GoI**

NHAI has a strong financial position, predominantly because of the continuous GoI support for its projects, by way of allocation of fuel cess funds and budgetary resources, as well as flexibility to raise funds through capital gains bonds and tax-free infrastructure bonds. NHAI received Rs 2326.5 crore of the cess funds in fiscal 2017. Cess allocation was reduced in fiscal 2017 and therefore, reliance on external borrowing was also increased in the same fiscal. Cess income till September 2017 has been around Rs 11,249 crore while borrowings for the same period have been around Rs 20,400 crore. As per the budgetary allocation for 2018-19, cess allocation would be around Rs 21,100 crore.

NHAI also receives additional budgetary support for the development of national highways, and grants and loans for execution of externally aided projects. The funds provided by GoI are also used for servicing NHAI's debt and meeting other capital and operational expenses.

NHAI is one of the two bodies authorised to float bonds that qualify for capital gains tax exemption under Section 54 EC of the Income Tax Act, 1961.

Outlook: Stable
CRISIL believes NHAI will continue to receive the Government of India's direct and indirect support in implementation of National Highway Development Programme (NHDP). The outlook may be revised to 'Negative' in case of any reduction in NHAI's strategic importance to, and support from GoI.

About NHAI
NHAI, set up under the National Highways Authority of India Act, 1988, began operations in February 1995. It is responsible for developing, maintaining, and managing national highways. NHAI is mandated to implement NHDP, India's largest-ever highways project. The project originally had five phases, and two phases'covering expressways (Phase VI), and construction of ring roads, grade-separated intersections, flyovers, and bypasses (Phase VII)'were added later. As on May 31, 2017, the project covered 48,793 kilometre (km). The Golden Quadrilateral project, which covers 5846 km, is complete. The North-South-East-West (NSEW) corridor was 92% complete. Of the 11,809 km under Phase III (connecting state capitals and places of tourist and commercial importance with NHDP Phases I and II), 65% is complete, while 18% is under implementation. Phases IV, V and VII are 31%, 39% and 3% complete, respectively, while Phase VI is in the early stages of awarding and implementation.

NHAI is also responsible for implementing other national highway projects, mainly those ensuring connectivity with major ports. NHAI awards projects for development on an engineering-procurement-construction and build-operate-transfer (BOT) toll and annuity basis; as well as projects on a BOT hybrid'annuity basis and also on TOT basis.

Key Financial Indicators

As on / for the period ended March 31		2017	2016
Revenue	Rs crore	NA	NA
Profit after tax	Rs crore	NA	NA
PAT margins	%	NA	NA
Adjusted Debt/Adjusted networth	Times	NA	0.33
Interest coverage	Times	NA	NA

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs Crore)	Rating assigned with outlook
INE906B07CA1	Tax Free Bonds	25-Jan-12	8.20%	24-Jan-22	6714	CRISIL AAA/Stable
INE906B07CB9	Tax Free Bonds	25-Jan-12	8.30%	24-Jan-27	3286	CRISIL AAA/Stable
INE906B07DA9	Tax Free Bonds	22-Nov-13	8.35%	21-Nov-23	452	CRISIL AAA/Stable
INE906B07DB7	Tax Free Bonds	22-Nov-13	8.48%	21-Nov-28	850	CRISIL AAA/Stable
INE906B07DC5	Tax Free Bonds	5-Feb-14	8.27%	4-Feb-24	475	CRISIL AAA/Stable
INE906B07DD3	Tax Free Bonds	5-Feb-14	8.52%	4-Feb-24	301	CRISIL AAA/Stable
INE906B07DE1	Tax Free Bonds	5-Feb-14	8.50%	4-Feb-29	1732	CRISIL AAA/Stable
INE906B07DF8	Tax Free Bonds	5-Feb-14	8.75%	4-Feb-29	1190	CRISIL AAA/Stable
INE906B07EE9	Tax Free Bonds	18-Sep-15	7.11%	17-Sep-25	549	CRISIL AAA/Stable
INE906B07EF6	Tax Free Bonds	18-Sep-15	7.28%	17-Sep-30	3323	CRISIL AAA/Stable
INE906B07EG4	Tax Free Bonds	11-Jan-16	7.14%	10-Jan-26	686	CRISIL AAA/Stable
INE906B07EH2	Tax Free Bonds	11-Jan-16	7.39%	10-Jan-26	656	CRISIL AAA/Stable
INE906B07EI0	Tax Free Bonds	11-Jan-16	7.35%	10-Jan-31	5983	CRISIL AAA/Stable
INE906B07EJ8	Tax Free Bonds	11-Jan-16	7.60%	10-Jan-31	2675	CRISIL AAA/Stable
INE906B07EK6	Tax Free Bonds	18-Feb-16	7.02%	17-Feb-26	455	CRISIL AAA/Stable
INE906B07EL4	Tax Free Bonds	18-Feb-16	7.39%	17-Feb-31	1373	CRISIL AAA/Stable
INE906B07EM2	Tax Free Bonds	9-Mar-16	7.04%	8-Mar-26	98	CRISIL AAA/Stable
INE906B07EN0	Tax Free Bonds	9-Mar-16	7.29%	8-Mar-26	192	CRISIL AAA/Stable
INE906B07EO8	Tax Free Bonds	9-Mar-16	7.39%	8-Mar-31	1882	CRISIL AAA/Stable
INE906B07EP5	Tax Free Bonds	9-Mar-16	7.69%	8-Mar-31	1128	CRISIL AAA/Stable
INE906B07FB2	NHAI Taxable Bond Series-I	3-Aug-16	8.03%	3-Aug-41	5000	CRISIL AAA/Stable
INE906B07FD8	NHAI Taxable Bond Series-I	1-Sep-16	7.68%	30-Aug-41	5000	CRISIL AAA/Stable
INE906B07FE6	NHAI Taxable Bond Series-I	23-Dec-16	7.17%	23-Dec-21	5020	CRISIL AAA/Stable
INE906B07FF3	NHAI Taxable	24-Jan-17	7.22%	24-Jan-47	8500	CRISIL

	Bond Series-I					AAA/Stable
INE906B07FG1	NHAI Taxable Bond Series-I	20-Mar-17	7.60%	18-Mar-22	4025	CRISIL AAA/Stable
INE906B07FT4	NHAI Taxable Bonds	06-June-2017	7.27%	06-June-2022	1525	CRISIL AAA/Stable
INE906B07FU2	NHAI Taxable Bonds	16-June-2017	7.24%	16-June-2047	5000	CRISIL AAA/Stable
INE906B07FV0	NHAI Taxable Bonds	14-July-2017	7.14%	14-July-2047	3500	CRISIL AAA/Stable
INE906B07FW8	NHAI Taxable Bonds	24-Aug-2017	7.38%	24-Aug-2038	5000	CRISIL AAA/Stable
INE906B07FX6	NHAI Taxable Bonds	06-November-2017	7.11%	06-Nov-2022	850	CRISIL AAA/Stable
INE906B08021	NHAI Taxable Bonds	22-Nov-2017	7.64%	22-November-2032	5000	CRISIL AAA/Stable
INE906B07EQ3	54EC Capital Gain Tax Exemption Bonds	30-Apr-16	6.00%	30-Apr-19	270	CRISIL AAA/Stable
INE906B07ER1	54EC Capital Gain Tax Exemption Bonds	31-May-16	6.00%	31-May-19	367	CRISIL AAA/Stable
INE906B07ES9	54EC Capital Gain Tax Exemption Bonds	30-Jun-16	6.00%	30-Jun-19	441	CRISIL AAA/Stable
INE906B07ET7	54EC Capital Gain Tax Exemption Bonds	31-July-16	6.00%	31-July-19	521	CRISIL AAA/Stable
INE906B07EU5	54EC Capital Gain Tax Exemption Bonds	31-Aug-16	6.00%	31-Aug-19	417	CRISIL AAA/Stable
INE906B07FC0	54EC Capital Gain Tax Exemption Bonds	30-Sep-16	6.00%	30-Sep-19	455	CRISIL AAA/Stable
INE906B07EV3	54EC Capital Gain Tax Exemption Bonds	31-Oct-16	6.00%	31-Oct-19	433	CRISIL AAA/Stable
INE906B07EW1	54EC Capital Gain Tax Exemption Bonds	30-Nov-16	6.00%	30-Nov-19	566	CRISIL AAA/Stable
INE906B07EX9	54EC Capital Gain Tax Exemption Bonds	31-Dec-16	5.25%	31-Dec-19	455	CRISIL AAA/Stable
INE906B07EY7	54EC Capital Gain Tax Exemption	31-Jan-17	5.25%	31-Jan-20	392	CRISIL AAA/Stable

	Bonds					
INE906B07EZ4	54EC Capital Gain Tax Exemption Bonds	28-Feb-17	5.25%	28-Feb-20	376	CRISIL AAA/Stable
INE906B07FA4	54EC Capital Gain Tax Exemption Bonds	31-Mar-17	5.25%	31-Mar-20	880	CRISIL AAA/Stable
INE906B07FH9	54EC Bonds -2017-18	30-Apr-2017	5.25	30-Apr-2020	277.94	CRISIL AAA/Stable
INE906B07FI7	54EC Bonds -2017-18	31-May-2017	5.25	31-May-2020	345.07	CRISIL AAA/Stable
INE906B07FJ5	54EC Bonds -2017-18	30-June-2017	5.25	30-June-2020	379.11	CRISIL AAA/Stable
INE906B07FK3	54EC Bonds -2017-18	31-July-2017	5.25	31-July-2020	515.3	CRISIL AAA/Stable
INE906B07FL1	54EC Bonds -2017-18	31-Aug-2017	5.25	31-Aug-2020	418.72	CRISIL AAA/Stable
INE906B07FM9	54EC Bonds -2017-18	30-Sep-2017	5.25	30-Sep-2020	470.06	CRISIL AAA/Stable
INE906B07FN7	54EC Bonds -2017-18	31-Oct-2017	5.25	31-Oct-2020	456.99	CRISIL AAA/Stable
INE906B07FO5	54EC Bonds -2017-18	30-Nov-2017	5.25	30-Nov-2020	508.7	CRISIL AAA/Stable
INE906B07FP2	54EC Bonds -2017-18	31-Dec-2017	5.25	30-Dec-2020	544.02	CRISIL AAA/Stable
INE906B07FQ0	54EC Bonds -2017-18	31-Jan-2018	5.25	31-Jan-2021	536.88	CRISIL AAA/Stable
INE906B07FR8	54EC Bonds -2017-18	28-Feb-2018	5.25	28-Feb-2021	565.31	CRISIL AAA/Stable
NA	Masala Bonds*	18-May-2017	7.3%	18-May-2022	3000	CRISIL AAA/Stable
NA	NSSF Loan*	17-Jan-2018	7.7%	17-Jan-2028	10000	CRISIL AAA/Stable
NA	Long term borrowing programme^	NA	NA	NA	20106.9	CRISIL AAA/Stable
NA	Long term borrowing programme^	NA	NA	NA	62000	CRISIL AAA/Stable

^Not raised
**Indicates Not Applicable*

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Annexure - Rating History for last 3 Years

	Current			2018 (History)		2017		2016		2015		Start of 2015
Instrument	**Type**	**Quantum**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Rating**
Long-Term Borrowing Programme	LT	154118	CRISIL AAA/Stable		No Rating Change		No Rating Change		No Rating Change		No Rating Change	CRISIL AAA/Stable
Non Convertible Debentures	LT		--		--	26-05-17	Withdrawal		No Rating Change		No Rating Change	CRISIL AAA/Stable
Tax Free Bond	LT	34000	CRISIL AAA/Stable		No Rating Change		No Rating Change		No Rating Change		No Rating Change	CRISIL AAA/Stable

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Links to related criteria
CRISILs Approach to Financial Ratios
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Construction Industry
Rating Criteria for Toll Road Projects
Criteria for Notching up Stand Alone Ratings of Entities Based on Government Support

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Last updated: April 2016

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ICRA

ICRA Limited

Ref: D/RAT/2018-19/N- 128/06

Date: August 10, 2018

Mr. S. Q. Ahmad
General Manager - Finance
National Highways Authority of India (NHAI)
G-5 & 6, Sector-10
Dwarka
New Delhi – 110075

Dear Sir,

Re: ICRA rating for Rs. 62,000 crore Long Term Borrowing Programme (through different modes including public issue of Bharatmala Bonds) of National Highways Authority of India

Please refer to your request dated August 10, 2018 for revalidating the rating letter issued for the captioned programme.

We confirm that the **[ICRA]AAA** (pronounced as ICRA triple A) rating assigned to your captioned programme and last communicated to you vide our letter dated July 23, 2018 stands. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The Outlook on the long-term rating is **Stable**.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same as communicated vide our letter Ref: D/RAT/2017-18/N- 128/09 dated March 30, 2018.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,

For ICRA Limited

Sabyasachi Majumdar
Senior Vice President
(sabyasachi@icraindia.com)

Abhishek Gupta
Assistant Vice President
(abhishek.gupta@icraindia.com)

National Highways Authority of India

April 04, 2018

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term Borrowing Programme for 2018-19	-	62,000.0	[ICRA]AAA (Stable); Assigned
Long-term Borrowing Programme for 2017-18	59,000.0	59,000.0	[ICRA]AAA (Stable); Reaffirmed
Long-term Borrowing Programme for 2016-17	33,118.0	33,118.0	[ICRA]AAA (Stable); Reaffirmed
Tax-free Bonds – 2015-16	19,000.0	19,000.0	[ICRA]AAA (Stable); Reaffirmed
54EC bonds – 2014-15	3,343.0	3,343.0	[ICRA]AAA (Stable); Reaffirmed
Fund based- Overdraft	5,000.0	5,000.0	[ICRA]A1+; Reaffirmed
Total	**119,461.0**	**181,461.0**	

*Instrument details are provided in Annexure-1

Rating action

ICRA has assigned a long-term rating of [ICRA]AAA (pronounced ICRA Triple A) to the Rs. 62,000.0-crore[1] proposed long term borrowing programme for 2018-19 of National Highways Authority of India (NHAI) [2]. The outlook on the long-term rating is 'Stable'.

ICRA has also reaffirmed the long-term rating of [ICRA]AAA (pronounced ICRA Triple A) with 'Stable' outlook for the Rs. 59,000-crore long-term borrowing programme for 2017-18, Rs. 33,118-crore long-term borrowing programme of 2016-17, Rs. 19,000-crore tax-free bond programme of 2015-16, and Rs. 3,343-crore 54EC bond programme of 2014-15 of NHAI. ICRA has also reaffirmed the short-term rating of [ICRA]A1+ for the Rs. 5,000-crore fund-based overdraft bank lines of NHAI.

Rationale

The ratings take support from NHAI's strong operational and financial linkages with the Government of India (GoI). NHAI is responsible for the development and maintenance of national highways in the country. The ratings also take comfort from NHAI's stable funding sources including fuel cess, project revenues (ploughing back of funds from toll collection, negative grant, and revenue sharing) and budgetary allocations. NHAI's competitive cost of borrowings (through tax-free and 54EC bonds) further supports its financial risk profile.

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[1] *100 lakh = 1 crore = 10 million*

[2] *For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications*

ICRA has noted the increase in NHAI's budgeted expenditure towards implementation of highway projects on account of higher land acquisition costs as well as shift towards engineering, procurement and construction (EPC) and Hybrid Annuity Model (HAM) mode of project award considering the limited response of private developers for build-operate-transfer (BOT) projects. This, along with moderate allocation of cess towards NHAI, has resulted in increased dependence on Internal and Extra Budgetary Resources (IEBR) to be arranged by NHAI and the consequent increase in its borrowings to ~Rs. 1.1 lakh crore as of February 2018. This is likely to increase further over the medium term with the proposed borrowing program. Nevertheless, ICRA draws comfort from NHAI's stable funding sources, support from GoI, limited debt repayments over the medium term and ability to raise long-term funds that would enable it to undertake the increased project expenses over the medium term. With more projects awarded using the EPC mode, the inflows from toll collections are expected to increase over the long term. ICRA has also noted NHAI's plans of monetising operational road assets through the toll-operate-toll (TOT) model, which can provide sizeable funds and reduce dependence on borrowings. The response for the first set of projects offered on TOT basis has been strong and could result in higher than expected inflows to NHAI through this route.

Going forward, support from the GoI (both financially and operationally) would be crucial for improving the pace of highway development as well as maintaining the financial risk profile of NHAI and would remain a key rating sensitivity.

Outlook: Stable

ICRA believes that due to its strategic importance and strong linkage with GoI, NHAI will continue to get GoI's support both financially and operationally. This would be critical in maintaining the credit profile of NHAI. The outlook may be revised to 'Negative' if there is any weakness in linkage with GoI or reduction in its strategic importance.

Key rating drivers

Credit strengths

Strategic importance to GoI - NHAI is an autonomous GoI authority under the Ministry of Road Transport and Highway (MoRTH). NHAI was established on June 15, 1989 as per the National Highways Authority of India Bill, 1988. NHAI is the nodal agency for development of national highway projects under National Highway Development Programme (NHDP) and allied programmes approved by the GoI. Given the significance of national highway infrastructure, NHAI is strategically important to the GoI.

Strong operational and financial linkages with GoI - Being a part of the GoI, NHAI has strong financial and operational linkage with the same. Apart from being the promoter, the GoI has statutory and regulatory powers over NHAI and supports it in major policy decisions. The GoI also provides financial support to NHAI in the form of budgetary allocations.

Stable funding sources - NHAI has stable funding sources owing to allocation of fuel cess, earmark of budgetary resources, project revenues (toll collections, revenue share, negative grant and premium receivables), and flexibility to raise funds (through capital gains bonds and tax-free bonds) at competitive borrowing cost.

Credit challenges

Increasing expenditure and debt funding - NHAI's project implementation cost is likely to increase with more projects awarded on EPC basis and increasing land acquisition costs. This coupled with reduced share of fuel cess may result in increased dependence on external borrowing by NHAI. However, over the longer term, with the completion of projects awarded under EPC mode, NHAI's toll collections would increase and can be monetised.

Sizeable contingent liabilities - NHAI has sizeable contingent liabilities, most of which are from disputed claims filed by contractors/developers. The final quantum and timing of the settlement of the remaining claims will have a bearing on NHAI's cash flows.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

Corporate Credit Rating Methodology

Rating Methodology for Primary Non-Ferrous Metals Manufacturers

About the issuer:

NHAI is an autonomous authority constituted by an Act of Parliament, the National Highways Authority of India Act, 1988. It operates under the MoRTH and is responsible for the development, maintenance and management of the national highways in India.

NHAI is also entrusted with the responsibility of implementing NHDP, which covers about 54,500 km of highways with estimated expenditure of Rs. 4.7 lakh crore over seven phases. NHDP is in advanced stage with majority of contracts already completed/awarded.

Apart from NHDP, NHAI is undertaking other programmes approved by the GoI such as SARDP-NE and special projects in Madhya Pradesh, Maharashtra, Tamil Nadu, West Bengal, Haryana, Delhi, Rajasthan & Uttar Pradesh.

Recently, the GoI has approved Phase-1 of Bharatmala Pariyojana with a total length of 24,800 km to be developed over FY2018-FY2022. Under this scheme, NHAI is responsible for the construction of 19,800 km of roads. This brings a total of 34,800 km of roads to be constructed by NHAI over the next 5 year period with a total planned expenditure of Rs. 7.66 lakh crore.

Key financial indicators (audited)

	FY 2016	FY 2017*
Operating Income (Rs. crore)	12.2	
PAT (Rs. crore)	-220.6	
OPBDIT/ OI (%)	-ve	
RoCE (%)	-4.3%	
Total Debt/ TNW (times)	0.33	
Total Debt/ OPBDIT (times)	-ve	
Interest coverage (times)	-ve	
NWC/ OI (%)	-ve	

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress); NWC: Net Working Capital

** FY2017 financials are not published yet /to be approved by GoI*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

	Instrument	Current Rating (FY2019) Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating Apr-2018	Chronology of Rating History for the past 3 years: Date & Rating in FY2018 Nov-2017	Apr-2017	Date & Rating in FY2017 Jun/Aug-2016	May-2016	Date & Rating in FY2016 Sep-2015	May-2015
1	54EC Bonds – 2014-15	Long Term	3,343.0	648 cr as of 27-Mar-2018	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)
2	Tax Free Bonds 2015-16	Long Term	19,000.0	19,000	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	-
3	Long Term Borrowing Programme for 2016-17	Long Term	33,118.0	33,118.0	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	-	-
4	Fund-based (Overdraft)	Short Term	5,000.0	NA	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+	-	-	-
5	Long Term Borrowing Programme for 2017-18	Long Term	59,000.0	25,893 placed till Feb-2018	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	-	-	-	-
6	Long Term Borrowing Programme for 2018-19	Long Term	62,000.0	-	[ICRA] AAA (Stable)	-	-	-	-	-	-

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE906B07DG6	54-EC Bonds (2014-15)	30.04.2014	6.0%	30.04.2017*	220	[ICRA]AAA(stable)
INE906B07DH4		31.05.2014	6.0%	31.05.2017*	229	[ICRA]AAA(stable)
INE906B07DI2		30.06.2014	6.0%	30.06.2017*	191	[ICRA]AAA(stable)
INE906B07DJ0		31.07.2014	6.0%	31.07.2017*	297	[ICRA]AAA(stable)
INE906B07DK8		31.08.2014	6.0%	31.08.2017*	219	[ICRA]AAA(stable)
INE906B07DL6		30.09.2014	6.0%	30.09.2017*	245	[ICRA]AAA(stable)
INE906B07DM4		31.10.2014	6.0%	31.10.2017*	206	[ICRA]AAA(stable)
INE906B07DN2		30.11.2014	6.0%	30.11.2017*	248	[ICRA]AAA(stable)
INE906B07DO0		31.12.2014	6.0%	31.12.2017*	268	[ICRA]AAA(stable)
INE906B07DP7		31.01.2015	6.0%	31.01.2018*	284	[ICRA]AAA(stable)
INE906B07DQ5		28.02.2015	6.0%	28.02.2018*	289	[ICRA]AAA(stable)
INE906B07DR3		31.03.2015	6.0%	31.03.2018	648	[ICRA]AAA(stable)
INE906B07EE9	Tax-Free Bonds (2015-16)	18.09.2015	7.11%	18.09.2025	549	[ICRA]AAA(stable)
INE906B07EF6		18.09.2015	7.28%	18.09.2030	3,323	[ICRA]AAA(stable)
INE906B07EG4		11.01.2016	7.14%	11.01.2026	686	[ICRA]AAA(stable)
INE906B07EH2		11.01.2016	7.39%	11.01.2026	656	[ICRA]AAA(stable)
INE906B07EI0		11.01.2016	7.35%	11.01.2031	5,983	[ICRA]AAA(stable)
INE906B07EJ8		11.01.2016	7.60%	11.01.2031	2,675	[ICRA]AAA(stable)
INE906B07EK6		18.02.2016	7.02%	18.02.2026	455	[ICRA]AAA(stable)
INE906B07EL4		18.02.2016	7.39%	18.02.2031	1,373	[ICRA]AAA(stable)
INE906B07EM2		09.03.2016	7.04%	09.03.2026	98	[ICRA]AAA(stable)
INE906B07EN0		09.03.2016	7.29%	09.03.2026	192	[ICRA]AAA(stable)
INE906B07EO8		09.03.2016	7.39%	09.03.2031	1,882	[ICRA]AAA(stable)
INE906B07EP5		09.03.2016	7.69%	09.03.2031	1,128	[ICRA]AAA(stable)
INE906B07EQ3	54-EC Bonds (2016-17) under Long Term Borrowing Programme for 2016-17	30.04.2016	6.0%	30.04.2019	270	[ICRA]AAA(stable)
INE906B07ER1		31.05.2016	6.0%	31.05.2019	367	[ICRA]AAA(stable)
INE906B07ES9		30.06.2016	6.0%	30.06.2019	441	[ICRA]AAA(stable)
INE906B07ET7		31.07.2016	6.0%	31.07.2019	521	[ICRA]AAA(stable)
INE906B07EU5		31.08.2016	6.0%	31.08.2019	417	[ICRA]AAA(stable)
INE906B07FC0		30.09.2016	6.0%	30.09.2019	455	[ICRA]AAA(stable)
INE906B07EV3		31.10.2016	6.0%	31.10.2019	433	[ICRA]AAA(stable)
INE906B07EW1		30.11.2016	6.0%	30.11.2019	566	[ICRA]AAA(stable)
INE906B07EX9		31.12.2016	5.25%	31.12.2019	455	[ICRA]AAA(stable)
INE906B07EY7		31.01.2017	5.25%	31.01.2020	392	[ICRA]AAA(stable)
INE906B07EZ4		28.02.2017	5.25%	28.02.2020	376	[ICRA]AAA(stable)
INE906B07FA4		31.03.2017	5.25%	31.03.2020	880	[ICRA]AAA(stable)
INE906B07FB2	Taxable Bonds under Long Term Borrowing Programme for 2016-17	08.03.2016	8.03%	03.08.2041	5,000	[ICRA]AAA(stable)
INE906B07FD8		09.01.2016	7.68%	01.09.2041	5,000	[ICRA]AAA(stable)
INE906B07FE6		23.12.2016	7.17%	23.12.2021	5,020	[ICRA]AAA(stable)
INE906B07FF3		24.01.2017	7.22%	24.01.2047	8,500	[ICRA]AAA(stable)
INE906B07FG1		20.03.2017	7.60%	02.03.2022	4,025	[ICRA]AAA(stable)
NA	Fund-based Overdraft	-	-	-	5,000	[ICRA]A1+

ISIN No	Instrument Name	Date of Issuance / Sanction Limit	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE906B07FH9	54-EC Bonds (2017-18) raised till Feb-2018 under Long Term Borrowing Programme for 2017-18	30.04.2017	5.25%	30.04.2020	278	[ICRA]AAA(stable)
INE906B07FI7		30.05.2017	5.25%	30.05.2020	345	[ICRA]AAA(stable)
INE906B07FJ5		30.06.2017	5.25%	30.06.2020	379	[ICRA]AAA(stable)
INE906B07FK3		31.07.2017	5.25%	31.07.2020	515	[ICRA]AAA(stable)
INE906B07FL1		31.08.2017	5.25%	31.08.2020	419	[ICRA]AAA(stable)
INE906B07FM9		30.09.2017	5.25%	30.09.2020	470	[ICRA]AAA(stable)
INE906B07FN7		31.10.2020	5.25%	31.10.2020	457	[ICRA]AAA(stable)
INE906B07FO5		30.11.2020	5.25%	30.11.2020	509	[ICRA]AAA(stable)
INE906B07FP2		31.12.2020	5.25%	31.12.2020	544	[ICRA]AAA(stable)
INE906B07FQ0		31.01.2021	5.25%	31.01.2021	537	[ICRA]AAA(stable)
INE906B07FR8		28.02.2021	5.25%	28.02.2021	565	[ICRA]AAA(stable)
INE906B07FT4	Taxable Bonds (till Feb-2018) under Long Term Borrowing Programme for 2017-18	06.06.2017	7.27%	06.06.2022	1,525	[ICRA]AAA(stable)
INE906B07FU2		16.06.2017	7.24%	16.06.2047	5,000	[ICRA]AAA(stable)
INE906B07FV0		14.07.2017	7.14%	14.07.2047	3,500	[ICRA]AAA(stable)
INE906B07FW8		24.08.2017	7.38%	24.08.2032	5,000	[ICRA]AAA(stable)
INE906B07FX6		06.11.2017	7.11%	06.11.2022	850	[ICRA]AAA(stable)
INE906B08021		22.11.2017	7.64%	22.11.2032	5,000	[ICRA]AAA(stable)
NA	Balance of Long Term Borrowing Programme for 2017-18	-	-	-	33,107	[ICRA]AAA(stable)
NA	Long Term Borrowing Programme for 2018-19	-	-	-	62,000	[ICRA]AAA(stable)

Source: NHAI

**redeemed till 27-Mar-2018*

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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For more information, visit www.icra.in

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India Ratings & Research

Fitch Group

Shri Madhup Kumar,
Chief General Manager (Finance)
National Highways Authority of India
G-5&6, Sector
Dwarka, New Delhi - 110075
Telefax: +91 11 25093518

August 16, 2018

Kind Attn: Shri Madhup Kumar, Chief General Manager (Finance)

Dear Sir,

Re: Rating for long term borrowing programme of National Highways Authority of India through different modes including public issue of Bharatmala Bonds

India Ratings and Research (Ind-Ra) is pleased to communicate the following ratings:-

Long-Term Issuer Rating	'IND AAA'; Outlook Stable
- INR620 billion FY19 borrowing programme (including 54EC bonds and public issue of Bharatmala Bonds for FY19)	Assigned 'IND AAA'; Outlook Stable

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

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We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at +91 22 4000 1700.

Sincerely,

India Ratings

Devendra Kumar Pant
Senior Director

Sunil Kumar Sinha
Director

India Ratings & Research

A Fitch Group Company

India Ratings Affirms National Highways Authority of India at 'IND AAA'/Stable; Rates FY19 Borrowing Programme

29

MAR 2018

By Deepanshu Goyal

India Ratings and Research (Ind-Ra) has affirmed National Highways Authority of India's (NHAI) Long-Term Issuer Rating at 'IND AAA' with a Stable Outlook. The instrument-wise rating actions are given below:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
FY19 borrowing programme (including 54EC bonds for FY19)	-	-	-	INR620	IND AAA/Stable	Assigned
FY18 borrowing programme (including 54EC bonds for FY18)	-	-	-	INR590	IND AAA/Stable	Affirmed
FY17 borrowing programme	-	-	-	INR331.18	IND AAA/Stable	Affirmed
Tax-free bonds (FY12 and FY16)	-	-	-	INR290	IND AAA/Stable	Affirmed
54 EC bonds (FY16)	-	-	-	INR42.81	IND AAA/Stable	Affirmed
54 EC bonds (FY15)	-	-	-	INR6.48 (reduced from INR33.43)	IND AAA/Stable	Affirmed

KEY RATING DRIVERS

Public Policy Institution: NHAI, being the sole agency responsible for the development of national highways in India, is strategically important to the government of India (GoI). NHAI's fundamental purpose is to improve the national road transit infrastructure, better serve the national economy, and improve the country's standard of living. Its mandate highlights the GoI's priority on economic development, while retaining an underlying social welfare function. Its tax exemption status and privilege to raise funds through Section 54EC capital gains bonds and tax-free bonds reiterate its importance to the GoI.

Robust Sovereign Control: NHAI's ratings factor in its significant financial, operational and managerial linkages with the GoI, as well as its statutory status. Strong federal control, with the GoI monitoring its annual budget (including borrowings) and operational performance, supports the ratings.

Financial Support: The NHAI is well placed on the funding side with the GoI extending substantial budgetary support of INR296.63 billion in FY19, of which fuel cess remains the major source of finances. Allocations from fuel cess have increased at a CAGR of 23.98% to INR200.93 billion during FY14-FY19 (budget estimates).

NHAI is one of the only two institutions allowed by the GoI to raise finances at competitive rates through bond issuances under Section 54EC of the Income Tax Act. These bonds allow investors to secure tax exemption on the capital gains earned on the sale of assets and are open for subscription throughout the year. NHAI's FY18's funding bucket comprised of bonds subscribed by Life Insurance Corporation of India (INR8.5 billion) and Employees' Provident Fund Organisation (INR100 billion) apart from other institutional retail investors. This helps NHAI in lowering its cost of funds and thus the projects costs. NHAI expects to raise INR620 billion in the extra budgetary resources in FY19.

Expected Pick-up in Operational Performance: NHAI's FY18 performance with regard to project completion (annual road length completed as a percentage of annual road completion targets) was lower than FY17's. The NHAI completed construction of 30.65% (1,839km at 5.04km/day) of its targeted road stretches by end-December 2017, as against the target of 6,000km at 16.44km/day.

Further, NHAI has awarded only 26.97% (2,697km; 7.39km/day) of its target stretch by end-December 2017, as against the target of 10,000km at 27.40km/day.

However, Ind-Ra believes the pace will accelerate in FY19 due to (i) a sustained focus of the Ministry of Road Transport and Highways on this sector, (ii) new models such as hybrid annuity model (HAM) and toll-operate-transfer picking up smoothly, and (iii) the renewed interest shown by the private sector in road projects.

Bharatmala Pariyojana: NHAI has been identified as one of the few agencies/departments implementing the 53,000km project. Majority of the project appraisals will be carried out by NHAI with some support from the Ministry of Road Transport and Highways over FY18-FY22. Though part of the funding would have to be done by NHAI, it would not constrain its existing projects. As per NHAI Act, it can raise the necessary funds in consultation for the central government, without any cap on its borrowing.

Performance of EPC & HAM: HAM and EPC models are becoming the preferred mode of awarding road projects since build, operate and transfer has taken a back seat due to the weak financial position of private players and over leveraged balance sheet in some cases. Ind-Ra believes the EPC mode along with HAM will increase the allocation rate over any other mode on the back of the limited upfront capital requirement and lesser risk involved over any other mode.

Also, NHAI awarded 50 projects with a total length of 2,697km and equivalent total cost of INR422.75 billion during April-January 2018. Of these, 13 projects with a total length of 706km were taken up under HAM and 37 projects with 1,991km were taken up under EPC. Further, there are plans to award 5,000km in March 2018.

RATING SENSITIVITIES

Weakening of NHAI's financial, operational and managerial linkages with the GoI is a negative rating trigger.

COMPANY PROFILE

NHAI, an autonomous body of the GoI, was constituted by an act of Parliament - NHAI Act, 1988 - to develop, maintain and manage the national highways entrusted to it.

FINANCIAL SUMMARY

(INR million)	FY15	FY16
Operating Balance	-1,981.35	-2,213.93
Current Balance	-8,717.94	-14,815.67
Capital Balance	-50,894.17	-134,148.86
Current balance/Current revenue (%)	-53.99	-53.99
Overall results/Total revenue (%)	-39.36	24.85
Direct debt/Current revenue (x)	22.14	46.17
Source: Ind-Ra; NHAI		

RATING HISTORY

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook		
	Rating Type	Rated Limits (billion)	Rating	10 April 2017	11 April 2016	2 September 2015
Issuer Rating	Long term		IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Tax-free bonds (FY12 and FY16)	Long term	INR290	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Long-term bonds (FY15)	Long term	INR6.48	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Long-term bonds (FY16)	Long term	INR42.81	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
FY17 borrowing programme	Long term	INR331.18	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	-
FY18 borrowing programme (including 54EC bonds for FY18)	Long term	INR590	IND AAA/Stable	IND AAA/Stable	-	-
FY19 borrowing programme (including 54EC bonds for FY19)	Long term	INR620	IND AAA/Stable	-	-	-

ANNEXURE

Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (INR billion)	Rating/Outlook
Tax-free bonds (FY12)	INE906B07CA1	25 January 2012	8.2	25 January 2022	67.14	IND AAA/Stable
Tax-free bonds (FY12)	INE906B07CB9	25 January 2012	8.3	25 January 2027	32.89	IND AAA/Stable

Total					100.03	
54 EC Bonds (FY15)	INE906B07DR3	1 March 2015	6	31 March 2018	6.48	IND AAA/Stable
Total					6.48	
54 EC Bonds (FY16)	INE906B07DS1	1 April 2015	6	1 April 2018	2.26	IND AAA/Stable
54 EC Bonds (FY16)	INE906B07DT9	1 May 2015	6	1 May 2018	2.69	IND AAA/Stable
54 EC Bonds (FY16)	INE906B07DU7	1 June 2015	6	1 June 2018	2.76	IND AAA/Stable
54 EC Bonds (FY16)	INE906B07DV5	1 July 2015	6	1 July 2018	3.26	IND AAA/Stable
54 EC Bonds (FY16)	INE906B07DW3	1 August 2015	6	1 August 2018	3.27	IND AAA/Stable
54 EC Bonds (FY16)	INE906B07DX1	1 September 2015	6	1 September 2018	3.43	IND AAA/Stable
54 EC Bonds (FY16)	INE906B07DY9	1 October 2015	6	1 October 2018	3.16	IND AAA/Stable
54 EC Bonds (FY16)	INE906B07DZ6	1 November 2015	6	1 November 2018	2.64	IND AAA/Stable
54 EC Bonds (FY16)	INE906B07EA7	1 December 2015	6	1 December 2018	3.35	IND AAA/Stable
54 EC Bonds (FY16)	INE906B07EB5	1 January 2016	6	1 January 2019	3.52	IND AAA/Stable
54 EC Bonds (FY16)	INE906B07EC3	1 February 2016	6	1 February 2019	3.84	IND AAA/Stable
54 EC Bonds (FY16)	INE906B07ED1	1 March 2016	6	1 March 2019	8.63	IND AAA/Stable
Total					42.81	
Tax-free bonds (FY16)	INE906B07EE9	18 September 2015	7.11	18 September 2025	5.49	IND AAA/Stable
Tax-free bonds (FY16)	INE906B07EF6	18 September 2015	7.28	18 September 2030	33.23	IND AAA/Stable
Tax-free bonds (FY16)	INE906B07EG4	11 January 2016	7.14	11 January 2026	6.86	IND AAA/Stable
Tax-free bonds (FY16)	INE906B07EH2	11 January 2016	7.39	11 January 2026	6.56	IND AAA/Stable
Tax-free bonds (FY16)	INE906B07EI0	11 January 2016	7.35	11 January 2031	59.83	IND AAA/Stable
Tax-free bonds (FY16)	INE906B07EJ8	11 January 2016	7.6	11 January 2031	26.75	IND AAA/Stable
Tax-free bonds (FY16)	INE906B07EK6	18 February 2016	7.02	18 February 2026	4.55	IND AAA/Stable
Tax-free bonds (FY16)	INE906B07EL4	11 January 2016	7.39	18 February 2031	13.73	IND AAA/Stable
Tax-free bonds (FY16)	INE906B07EM2	9 March 2016	7.04	9 March 2026	0.98	IND AAA/Stable
Tax-free bonds (FY16)	INE906B07EN0	9 March 2016	7.29	9 March 2026	1.92	IND AAA/Stable
Tax-free bonds (FY16)	INE906B07EO8	9 March 2016	7.39	9 March 2031	18.82	IND AAA/Stable
Tax-free bonds (FY16)	INE906B07EP5	9 March 2016	7.69	9 March 2031	11.28	IND AAA/Stable
Total					190	
54 EC Bonds (FY17)	INE906B07EQ3	1 April 2016	6	1 April 2019	2.7	IND AAA/Stable
54 EC Bonds (FY17)	INE906B07ER1	1 May 2016	6	1 May 2019	3.67	IND AAA/Stable
54 EC Bonds (FY17)	INE906B07ES9	1 June 2016	6	1 June 2019	4.41	IND AAA/Stable
54 EC Bonds (FY17)	INE906B07ET7	1 July 2016	6	1 July 2019	5.21	IND AAA/Stable
54 EC Bonds (FY17)	INE906B07EU5	1 August 2016	6	1 August 2019	4.17	IND AAA/Stable
54 EC Bonds (FY17)	INE906B07EC0	1 September 2016	6	1 September 2019	4.55	IND AAA/Stable
54 EC Bonds (FY17)	INE906B07EV3	1 October 2016	6	1 October 2019	4.33	IND AAA/Stable
54 EC Bonds (FY17)	INE906B07EW1	1 November 2016	6	1 November 2019	5.66	IND AAA/Stable
54 EC Bonds (FY17)	INE906B07EX9	1 December 2016	5.25	1 December 2019	4.55	IND AAA/Stable
54 EC Bonds (FY17)	INE906B07EY7	1 January 2017	5.25	1 January 2020	3.92	IND AAA/Stable
54 EC Bonds (FY17)	INE906B07EZ4	1 February 2017	5.25	1 February 2020	3.76	IND AAA/Stable
54 EC Bonds (FY17)	INE906B07FA4	1 March 2017	5.25	1 March 2020	8.8	IND AAA/Stable
Total					55.73	
Taxable bonds (FY17)	INE906B07FB2	3 August 2016	8.03	3 August 2041	50	IND AAA/Stable
Taxable bonds (FY17)	INE906B07FD8	1 September 2016	7.68	30 August 2041	50	IND AAA/Stable
Taxable bonds (FY17)	INE906B07FE6	23 December 2016	7.17	23 December 2021	50.2	IND AAA/Stable
Taxable bonds (FY17)	INE906B07FF3	24 January 2017	7.22	24 January 2047	85	IND AAA/Stable
Taxable bonds (FY17)	INE906B07FG1	20 March 2017	7.6	18 March 2022	40.25	IND AAA/Stable
Total					275.45	
54 EC Bonds (FY18)	INE906B07FH9	30 April 2017	5.25	30 April 2020	2.78	IND AAA/Stable

54 EC Bonds (FY18)	INE906B07FI7	31 May 2017	5.25	31 May 2020	3.45	IND AAA/Stable
54 EC Bonds (FY18)	INE906B07FJ5	30 June 2017	5.25	30 June 2020	3.79	IND AAA/Stable
54 EC Bonds (FY18)	INE906B07FK3	31 July 2017	5.25	31 July 2020	5.15	IND AAA/Stable
54 EC Bonds (FY18)	INE906B07FL1	31 August 2017	5.25	31 August 2020	4.19	IND AAA/Stable
54 EC Bonds (FY18)	INE906B07FM9	30 September 2017	5.25	30 September 2020	4.7	IND AAA/Stable
54 EC Bonds (FY18)	INE906B07FN7	31 October 2017	5.25	31 October 2020	4.57	IND AAA/Stable
54 EC Bonds (FY18)	INE906B07FO5	30 November 2017	5.25	30 November 2020	5.09	IND AAA/Stable
54 EC Bonds (FY18)	INE906B07FP2	31 December 2017	5.25	31 December 2020	5.44	IND AAA/Stable
54 EC Bonds (FY18)	INE906B07FQ0	31 January 2018	5.25	31 January 2021	5.37	IND AAA/Stable
54 EC Bonds (FY18)	INE906B07FR8	28 February 2018	5.25	28 February 2021	5.65	IND AAA/Stable
Total					50.18	
Taxable bonds (FY18)	INE906B07FT4	6 June 2017	7.27	6 June 2022	15.25	IND AAA/Stable
Taxable bonds (FY18)	INE906B07FU2	16 June 2017	7.24	16 June 2047	50	IND AAA/Stable
Taxable bonds (FY18)	INE906B07FV0	14 July 2017	7.14	14 July 2047	35	IND AAA/Stable
Taxable bonds (FY18)	INE906B07FW8	24 August 2017	7.38	24 August 2032	50	IND AAA/Stable
Taxable bonds (FY18)	INE906B07FX6	6 November 2017	7.11	6 November 2022	8.5	IND AAA/Stable
Taxable bonds (FY18)	INE906B08021	22 November 2017	7.64	22 November 2032	50	IND AAA/Stable
Total					208.75	
Unutilised amount (FY18)					331.07	IND AAA/Stable
Unutilised amount (FY19)					620	IND AAA/Stable

COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

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Applicable Criteria

Rating of Public Sector Entities

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APPENDIX IV

CONSENT OF TRUSTEE FOR THE BONDHOLDERS

Ref 5829

VISTRA ITCL

Date: **July 31, 2018**

To,
Members of the Board
National Highways Authority of India
G 5&6, Sector 10, Dwarka,
New Delhi-110 075, India.

Dear Sirs,

PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF NON-CONVERTIBLE, SECURED, REDEEMABLE BONDS IN THE NATURE OF DEBENTURES IN ONE OR MORE TRANCHES ("ISSUE").

We, **Vistra ITCL (India) Ltd.**, hereby give our consent to act as **DebentureTrustee** for the Issue pursuant to regulation 4(4) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008, as amended, and to our name and details being inserted as "**Debenture Trustee to the Issue**" in the draft shelf prospectus ("**Draft Shelf Prospectus**"),to be filed with the BSE Limited and/or the National Stock Exchange of India Limited (**"Stock Exchange(s)"**) for the purpose of receiving public comments and Securities and Exchange Board of India (**"SEBI"**) and the shelf prospectus ("**Shelf Prospectus**") and tranche prospectus(es) ("**Tranche Prospectus(es)**") to be filed with Stock Exchange(s) and SEBI as well as any abridged prospectus, all related advertisements, and subsequent communications sent to the holders of Bonds pursuant to the Issue, other correspondence and necessary documents which the Issuer intends to issue in respect of the proposed Issue. The Bonds are proposed to be listed on BSE Limited and/or the National Stock Exchange of India Limited and shall be the Designated Stock Exchange for the Issue.

We hereby authorise you to deliver this letter of consent to the Stock Exchange(s), SEBI or any other regulatory authorities as may be required by law.

The following details with respect to us may be disclosed:

Name: Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited)
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Compliance Officer: **Head** -Compliance Officer
Investor Grievance e-mail: **itclcomplianceofficer@vistra.com**
SEBI Registration No: IND000000578
CIN: U66020MH1995PLC095507

Vistra ITCL (India) Limited

VISTRA ITCL

We certify that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We confirm that we are registered with SEBI and that such registration is valid as on the date of this letter. We further confirm that no enquiry/investigation is being conducted by SEBI on us.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Issuerin the form of a press release, (i) the nature and scope of this transaction; and (ii) Our knowledge of the proposed transaction of the Issuer.

We shall immediately intimate the Lead Managersand the Issuer of any changes, additions or deletions in respect of the aforestated details till the date when the Bonds are listed and admitted for trading on the Stock Exchange(s). In absence of any such communication from us, the above information should be taken as updated information until the listing and commencement of trading of the Bonds on the Stock Exchange(s).

Yours faithfully,
For Vistra ITCL (India) Ltd.

Authorised Signatory
Name: Sandesh Vaidya
Designation: Manager

Vistra ITCL (India) Limited

Encl: SEBI registration certificate and declaration

Registered office
The IL&FS Financial Centre,
Plot C-22, G Block, 7th Floor
Bandra Kurla Complex, Bandra (East),

Tel +91 22 2659 3535
Fax +91 22 2653 3297
Email mumbai@vistra.com
www.vistraitcl.com

Vistra ITCL (India) Limited
(Formerly known as IL & FS Trust Company Limited

VISTRA ITCL

ANNEXURE A

To,
Members of the Board
National Highways Authority of India
G 5&6, Sector 10, Dwarka,
New Delhi-110 075, India.

PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER") OF NON-CONVERTIBLE, SECURED, REDEEMABLE BONDS IN THE NATURE OF DEBENTURES IN ONE OR MORE TRANCHES("ISSUE").

Subject: Statement showing registration details of **Debenture Trustee** to the Issue as follows:

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a Debenture Trustee is true and correct:

1. Registration Number: IND000000578
2. Date of expiry of registration: 26-09-2021
3. Renewal of registration, if applied for renewal, date of application: NA
4. Any communication from SEBI prohibiting [name of certifying entity] from acting as Debenture Trustee - NA
5. Any enquiry/investigation being conducted by SEBI: NA
6. Details of any penalty imposed: NA

We shall immediately intimate the Lead Managers and the Issuer of any changes, additions or deletions in respect of the afore stated details till the date when the Bonds are listed and admitted for trading on the Stock Exchange(s). In absence of any such communication from us, the above information should be taken as updated information until the listing and commencement of trading of the Bonds on the Stock Exchange(s).

Yours faithfully,
For Vistra ITCL (India) Ltd.

Authorised Signatory
Name: Sandesh Vaidya
Designation: Manager

Vistra ITCL (India) Limited

डिबेंचर न्यासी | प्रारूप ख
FORM-B | DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000260 (विनियम 8) (Regulation 8) **INITIAL REGISTRATION**

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

VISTRA ITCL (INDIA) LIMITED
IL&FS FINANCIAL CENTRE,
PLOT NO C-22, G BLOCK,
BANDRA-KURLA COMPLEX, BANDRA (EAST)
MUMBAI - 400051

Certified True Copy
For Vistra ITCL (India) Limited

Company Secretary

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।
as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।
2) Registration Code for the debenture trustee is **IND000000578**

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।
3) Unless renewed, the certificate of registration is valid from to

3) This Certificate of Registration shall be valid from 27/09/2016 to 26/09/2021, unless suspended or cancelled by the Board

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

स्थान Place : **MUMBAI**

तारीख Date : **SEPTEMBER 27, 2016**

M.J.Sonparote
MEDHA SONPAROTE
प्राधिकृत हस्ताक्षरी Authorised Signatory

APPENDIX –V

AUDIT REMARKS AND MANAGEMENT RESPONSE

APPENDIX -V

REPLY TO AUDIT REPORT ON THE ANNUAL ACCOUNTS OF THEAUTHORITY FOR THE YEAR ENDED 31 MARCH 2017

AUDIT REPORT	Management Reply
Based on our audit, we report that:	
i. The Balance Sheet and Profit and Loss Account dealt with by this report have not been drawn up in the format approved by the Government of India under Section 34 (2)(g) of NHAI Act, 1988 and Rule 6(1)(b) of NHAI Rules 1990, as amended from time to time.	i. Format of accounts was prescribed by C&AG in the year 1992. NHAI, is following this format since inception. In the subsequent years some requirement based minor changes in the format have been made to comply with the audit observations or to accommodate changes in accounting policies.
ii. Proper books of accounts and other relevant records have not been maintained by the Authority, in so far as it appears from our examination of such books as enumerated below:	ii. All accounting records as required under law has been kept.
(a) 'Assets held on behalf of Government of India (completed & ongoing)' shown under Fixed Assets represent the amount spent on various National Highways or any stretch thereof vested in, or entrusted to, by Government of India (GoI) to the NHAI, some of which are completed and others were in progress at different stages. These assets are developed by NHAI and the ownership of these National Highways or any stretch thereof vested in, or entrusted to, by GoI to NHAI, vests with GoI only. Since the assets owned by entity are only depicted as the entity's Fixed Assets in its Balance Sheet, depiction of assets belonging to GoI in the books of NHAI as 'Assets held on behalf of GoI (completed & ongoing)' under Fixed Assets is incorrect. GoI has entrusted these	(a) Presentation of highway projects developed by NHAI under "Assets held on behalf of GoI" is as per the decision taken in the meeting of senior officials of C&AG, MoRTH and NHAI held on 09.06.2016. Minutes of this meeting was circulated by the office of C&AG vide letter no. R S / 4-2 / 2014-15 / NHAI / A / AC / Vol.II /310 dated 13.07.2016. This presentation is further supported by Significant Accounting Policy (SAP) no. 7 (Schedule 18) and subsequent disclosure in Notes on Accounts no. 11 (Schedule 19).

National Highways or any stretch thereof to NHAI for development & maintenance purposes and funds required for these purposes are provided by GoI. Due to disclosure of 'Assets held on behalf of GoI (completed & ongoing)' under Fixed Assets, Fixed Assets of NHAI are overstated Rs.2,17,726.57 crore.	The Revised format of accounts proposed by NHAI and recommended by MoRTH is under consideration of C&AG and shall be adopted, upon its approval. An extensive proposal for approval of revised format of Accounts in consultation with C&AG is under consideration of MoRTH.
(b) The entire amount of borrowing cost of Rs.4068.16 crore for the year 2016-17 has been booked under 'Assets held on behalf of GoI'. This includes borrowing cost in respect of completed projects and quantification of the same is not possible in the absence of non-maintenance of project-wise details with respect to ongoing and completed projects. Inclusion of borrowing cost on completed projects is in contravention of generally accepted accounting principles. As NHAI has not been maintaining records in respect of project-wise utilization of borrowed funds, correctness of the total borrowing costs allocated to completed and ongoing projects till date also could not be verified in Audit.	(b) Accounting Policy 6.2 refers to the treatment of project specific borrowings. NHAI has only one project specific borrowing i. e. ADB loan for Surat –Manor project and it has been dealt with as per this accounting policy. Rest of the borrowings are not project specific therefore do not fall under the preview of this policy. Up till now, the entire NHDP was treated as one programme and accordingly the entire borrowing cost, for the purpose of presentation, was being included in "Assets held on behalf of Government of India", without actually debiting the project expenditure with borrowing cost. It is further submitted that based on the deliberations between the officials of C&AG, MoRTH and NHAI, proposal for amendments in various provision of "The National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds and Powers to Enter Premises) Rules, 1990" including treatment of borrowing cost has already been submitted to MoRTH. After approval of the proposal, same will be implemented.

(c) (i) NHAI has capitalized the entire amount of Rs. 278.72 crore of 'Net establishment expenses for the year'. As per generally accepted accounting principles, the expenditure of revenue nature cannot be booked to completed projects and should have been depicted in the Profit and Loss Account. In the absence of project-wise details of such expenditure, Audit was unable to comment on the impact of such incorrect accounting on the accounts of NHAI. (ii) The accounting treatment for 'diminution in the value of the investment' amounting to Rs. 403.11 crore has not been done correctly in the accounts of NHAI. The amount of 'Investments' in Schedule 6 was required to be reduced by the amount of 'Provision for diminution in the value of investments' of Rs. 403.11 crore and the 'Profit & Loss Account' was required to be debited by the same amount. In actual, the Management has reduced the amount of 'Investments' in Schedule 6 by Rs. 403.11 crore correctly, however, after, debiting the amount of Rs. 403.11 crore in the P&L Account the amount has been shown as transferred to 'Capital – Schedule 1'. Thus the effect of the accounting entry in the P&L Account has been nullified. This has resulted in understatement of Net Establishment Expenses as well as 'Capital' each by an amount of Rs. 403.11 crore.	(c) (i) This is being done since inceptions and in line with Accounting Policy no. 7 (c) "Assets held on behalf of Government of India" which inter alia provides that Cost of "Assets held on behalf of Government of India" includes Net establishment expenditure after setting off the income. (ii) The diminution in the value of investments in respect of three SPVs, in which NHAI has invested through equity shares, is not NHAI's loss. These SPVs are continuously suffering losses and the value of investments are required to be reduced suitably. This is not a regular activity of NHAI. The diminution of value investments is not a part of establishment expenses. Hence, it is treated separately by directly reducing it from the capital of NHAI.
(d) (i) 'Assets held on behalf of GoI includes Rs. 10086.56 crore (excluding cost of land amounting to Rs. 539.83 crore) incurred by NHAI on 19 road projects. NHAI did not hold these projects as on 31.03.2017 as these were handed over along with tolling rights, to various concessionaires for upgradation to 4/6-lanes of the roads on BOT basis. However, no adjustment has been made in the accounts for the above amount of Rs. 10086.56 crore. This has resulted in overstatement of 'Assets held on behalf of GoI' by Rs.	(d) (i) Awarding a stretch under BOT/PPP to any private Concessionaire does not involve transfer of ownership to them and the ownership still remains with GoI. In such cases the right to develop the stretch with tolling/annuity payment mode are transferred to the concessionaire for development. The project related costs prior to handing over the assets are very much in the books of NHAI. Ownership of such assets are still with GOI and is not transferred to concessionaire.

10086.56 crore.	
(ii) Four projects {viz. Karur to Kangeyam Section of NH-67, Barasat-Krishnagar Section of NH-34, Mehrauli-Gurgaon road from Andheria More to Delhi-Haryana Border on NH-236 and Km 9.400 to Km 22.300 of Hyderabad-Bangalore section of North-South Corridor (NS-23) held by NHAI on behalf of GoI}, were transferred to State Governments. Though NHAI did not hold these projects as on 31.03.2017, no adjustment has been made in the accounts and cost incurred on these projects amounting to Rs. 1297.41 crore by NHAI on behalf of GoI has been shown under 'Assets held on behalf of GoI' which is factually incorrect. Non-adjustment of this expenditure has resulted in overstatement of 'Assets held on behalf of GoI' by Rs. 1297.41 crore.	(ii) NHAI has suggested accounting treatment of cost of projects in case of transfer of projects from NHAI to state government and vise-versa. The proposal is under consideration of MoRTH. Therefore, these transfers have not been reflected in the books.
(iii) Apart from the significant matters stated above, other observations are placed as Annexure – I and II to Audit Report. Further, details of information/records still to be received from NHAI are given in Annexure-III to the Audit Report.	(iii) No comments.
(iv) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure-I, II and III to this Audit Report, gives a true and fair view in conformity with accounting principles generally accepted in India; (a) In so far as it relates to the Balance Sheet, of the state of affairs of the Authority as at 31 March 2017. (b) In so far as it relates to the Profit and Loss Account, of the excess of expenditure over income transferred to Assets held on behalf of GoI for the year ended on that date.	(iv) (a) and (b) No Comments.

Annexure-I to Audit Report	Annexure-I to Audit Report
(A) BALANCE SHEET **(I) SOURCES OF FUNDS** **(1) Shareholders' Fund** **(1.1) Capital U/S 17 (Schedule-1)** **Capital-Net off Toll Collection, Negative Grant etc. up to 31.03.2010: Rs.6183.56 crore** The above amount represents Current Liability towards 'Net of Toll Receipts, Maintenance Expenditure over Grant etc. payable to GoI up to 31.03.2010' which the NHAI has transferred during the year 2012-13 to Capital Account u/s 17 of the NHAI Act 1988 without obtaining approval of the Ministry of Finance and Ministry of Road Transport and Highways. The issue was also raised on the accounts for the years 2012-13, 2013-14, 2014-15 and 2015-16. NHAI has taken up the matter in March 2014 for obtaining approval of Ministry of Road Transport and Highways (MoRTH)/Ministry of Finance (MoF). However, the specific approval/consent of Government of India (GoI) on the same is not yet received. Thus, this fact should have been disclosed in the Notes on Accounts.	**(A) BALANCE SHEET** **(I) SOURCES OF FUNDS** **(1) Shareholders' Fund** **(1.1) Capital U/S 17 (Schedule-1)** **Capital-Net off Toll Collection, Negative Grant etc. up to 31.03.2010: Rs.6183.56 crore** Rs 6153.86 crores was already spent on the projects, before the accounting issue was taken up by CAG. There were only two options available with NHAI i.e either to get the reimbursement of the entire project expenses equivalent to same amount and deposit into the CFI or to make an accounting entry treating the same as "Assets held on behalf of Government of India" and the amount of expenditure thus made as Capital provided by GoI. In either of the case, it would have increased capital and "Assets held on behalf of Government of India" to the extent of amount spent. NHAI decided to regularize the expenses through an accounting entry, with due approval of the Board of Authority. The decision was also accepted by MoRTH, and was sent to MoF for concurrence. Ministry of Finance has raised certain queries which is replied by NHAI, after which no further query from MoF received. Hence, the case may be construed to be consented by MoF.

(1.2) Reserve & Surplus (Schedule-2) As per Significant Accounting Policy no. 7 (i)(a) " Assets held on behalf of GoI includes interest earned on unutilized capital, on advances/loans granted to the contractors / consultants and receipts from ongoing projects is shown under capital reserve". As per generally accepted accounting principles, the amount of interest earned on unutilized capital is not the revenue of NHAI hence should have been shown as payable to Government of India, therefore the accounting policy 7(i)(a) needed to be revisited.	**(1.2) Reserve & Surplus (Schedule-2)** As per Accounting Policy of NHAI - (a) Interest earned on unutilized capitals, on advances/ loans granted to contractors/ consultants and (b) Receipts from ongoing projects being capital in nature are deducted from the total cost to arrive at the value of "Assets held on behalf of Government of India". The detailed calculation is shown in schedule-2 and 5. This is consistently being followed since beginning.
(2) Borrowings: Rs.75384.65 crore (Schedule-4) **(2.1)** As per Rule 9-"Reserve Fund" of NHAI Rules, 1990, every loan raised by NHAI not being a loan repayable before expiration of one year from the date of the loan, the Authority shall set apart a sum half yearly, out of its income in the reserve fund, sufficient to liquidate the loan within a period which shall not in any case exceed thirty years. NHAI may apply the whole or any part of the sums accumulated in the reserve fund in or towards the discharge of the loan liabilities for the repayment of which the fund has been established. Provided that Authority pays into the fund each year, and accumulated until the whole of the money borrowed is discharged, a sum equivalent to the interest which would have been produced by the reserve fund or the part of the reserve funds so applied. As on 31 March 2017, an amount of Rs.75384.65 crore was shown as payable, towards the bond holders of Capital Gain Tax Free Bonds-	**(2) Borrowings: Rs.75384.65 crore (Schedule-4)** **(2.1)** The National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds, and Powers to Enter Premises) Rules, 1990 provide- "Every loan raised by NHAI not being a loan repayable before expiration of one year from the date of the loan, the Authority shall set apart a sum half yearly, out of its income in the reserve fund, sufficient to liquidate the loan within a period which shall not in any case exceed thirty years". As per the provisions of Rule 9, of NHAI Rules 1990, reserve is required to be created out of income of Authority. NHAI being

54EC (Rs.13197.32 crore), Tax Fee Secured Redeemable Non-Convertible Bonds (Rs.34000 crore), Taxable Bonds (Rs.27545 crore) and Loan from ADB (Rs.642.33 crore). However, NHAI has not created such reserve fund as contemplated in NHAI Rules. This has resulted in non-adherence to the NHAI Rules 1990. A similar comment was included in the Audit Report on the accounts of NHAI for year 2015-16, however, Management did not take any corrective action.	an executing agency of Government of India, does not have any source of income. In absence of any income, it is not possible to create Reserve fund by setting apart a sum on half yearly, for liquidating the loans. In view of above and on the basis of deliberations between the officials of C&AG, MoRTH and NHAI, a proposal for amendments/deletion in various provision of "The National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds and Powers to Enter Premises) Rules, 1990", including deletion of Rule-9, has been submitted to MoRTH. The proposal is under consideration of MoRTH and will be implemented after approval.
(2.2) As per the commitment by way of 'Statement by the Members of the Board' under the heading 'Other Regulatory and Statutory Disclosures' in the prospectus issued in connection with the public issue of i. Tax Free Secured Redeemable Non-Convertible Bonds of Rs. 10000 crore issued during 2011-12, ii. Tax Free Secured Redeemable Non-convertible Bonds of Rs. 5000 crore issued during 2013-14 and iii. Tax Free Secured Redeemable Non-Convertible Bonds of Rs. 19000 crore, issued during 2015-16 etc. It was committed that: (i) All monies received out of each tranche issue of the bonds to the pubic shall be transferred to a separate bank account; (ii) Details of all monies utilized out of each tranche issue shall be	**(2.2)** There is some difference between the provisions of Prospectus and NHAI Act 1988. The prospectus provides that utilized and unutilized monies are to be shown under separate heads in the balance sheet, whereas the NHAI Act 1988 provides that Authority will have a common fund called National Highways Authority of India Fund to which all receipts including borrowed funds will be credited. In view of the provisions of NHAI Act 1988, it was decided to stick to the provisions of the Act. Accordingly no separate disclosure was made in the balance sheet.

disclosed under an appropriate separate head in the Balance Sheet indicating the purpose for which such monies were utilized; (iii) Details of all unutilized monies out of each tranche issue shall be disclosed under an appropriate separate head in the Balance Sheet indicating the form in which such unutilized monies have been invested. However, the above commitment was not adhered to and NHAI has only given a general disclosure vide Note No. 23 (f) of Notes on Accounts wherein it was mentioned that 'All receipts of NHAI viz. Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, Taxable Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is maintained for utilization of NHAI Bond proceeds.' Similar observations was included in the Audit report on the annual accounts of NHAI for the years 2012-13, 2013-14, 2014-15 and 2015-16. However, no corrective action has been taken by NHAI.	
(II) APPLICATION OF FUNDS **(1) Fixed Assets (Schedule 5) – Gross Block: Rs.125.33 crore** **(1.1) Land Freehold: Rs.0.74 crore** The above does not include Rs.1.52 crore being the cost of Institutional Plot no. 20 at sector 32, Gurgaon purchased by NHAI from Haryana Urban Development Authority (HUDA) in 1997. The ownership and possession of the same is with NHAI. NHAI has assured to investigate the matter and to take corrective action after ascertaining the facts.	**(II) APPLICATION OF FUNDS** **(1) Fixed Assets (Schedule 5) – Gross Block: Rs.125.33 crore** **(1.1) Land Freehold: Rs.0.74 crore** The plot of land (Plot no 20, Sector-32, Gurgaon) was purchased from HUDA in Oct. 1997 for Rs. 1,51,83,806/- and the expenditure was accounted for in the books of PIU Gurgaon.
(1.2) Assets held on behalf of Government of India (completed & Ongoing): Rs. 217,726.57 crore (Schedule 5)	**(1.2) Assets held on behalf of GoI less Capital Reserve: Rs.1090.78 crore**

(1.2.1) Instead of deducting from the cost of the respective projects, an amount of Rs.203.49 crore received as income during the year from the projects under construction. NHAI has added the amount of Rs. 203.49 crore to the cumulative amount of Rs. 887.29 crore received by NHAI as income over the past years, from the projects under construction and deducted the entire amount of Rs. 1090.78 crore from CWIP for arriving at the amount of 'Assets held on behalf of GoI'. As per Generally Accepted Accounting Principles (GAAP), no revenue/capital income can be deducted from capital assets after commissioning / putting to use of an assets. Thus, the financial statements of NHAI have been prepared without following the GAAP and recognizing the revenue income of NHAI in the accounts in line with the Accounting Policy no. 11(iii). Similar audit observation was issued during the audit of annual accounts of NHAI for the years 2014-15 and 2015-16.	1. Capital Receipts - Receipts from projects during construction period, as per NHAI Policy, is treated as capital receipts and is deducted from the total cost of projects before arriving at final cost. Accordingly, capital receipts of Rs. 203.49 crore for 2016-17 has been deducted from CWIP for arriving at the value of "Assets held on behalf of Government of India". 2. Revenue Receipts - As per NHAI Policy receipts from projects during construction period is treated as other receipts from maintenance of highways and is adjusted against the excess of expenditure over maintenance grant receipt under schedule 1 of balance sheet. Accordingly, the treatment of capital and revenue receipts have been reflected in the accounts. This is consistently being followed for last many years.
(1.2.2) The amount of Rs.7.49 crore received as premium on issue of Tax-Free Bond during the years 2013-14 and 2015-16, was transferred by NHAI to 'Capital Reserve' during the year 2016-17 and the same was deducted from 'Assets held on behalf of GoI' in Schedule-5 'Fixed Assets'. Since the Tax Free Bonds were issued by NHAI, premium received thereon should have been shown under 'Reserves & Surplus'. Deduction of premium received on Tax-Free Bonds from Assets held on Behalf of GoI has resulted in understatement of 'Reserves & Surplus' and 'Assets held on behalf of GoI' each by Rs.7.49 crore.	**(1.2.2)** Up to 2015-16 premium received from issue of Tax free bonds were shown under Reserves & Surplus. In the year 2016-17, it was transferred from Reserves & Surplus to Capital Reserve. As per Significant Accounting Policy 7 (i) (b) capital reserve has been deducted from Assets held on behalf of GoI.
(1.3) Assets held on behalf of GoI less Interest on un-utilized capital: Rs.10297.76 crore	**(1.3) Assets held on behalf of GoI less Interest on un-utilized capital: Rs.10297.76 crore**

'Fixed Assets – Assets held on behalf of GoI' are shown after deduction of Rs.172.09 crore of gross interest accrued up to 31.03.2017 on the loan amount disbursed to Special Purpose Vehicle (SPV) companies. This accrued interest is in the nature of income and should have been shown as income of the authority in Profit and Loss Account. This has resulted in understatement of 'Assets held on behalf of GoI' and income for the year by Rs.172.09 crore. Similar audit observation was also made during the audit of annual accounts of NHAI for the years 2014-15 and 2015-16.	This practice is being followed almost from the inception of National Highways Authority of India. Interest on unutilized Capital (which includes interest on loans given to SPVs) is as per Significant Accounting Policy 7(a) are shown as part of "Assets held on behalf of Government of India". However, the C&AG advice is taken care of in the proposal submitted for amendment in NHAI Rules.
(1.4) Assets held on behalf of GoI (completed & ongoing): Rs. 2,17,726.57 crore (1.4.1) Assets held on behalf of GoI is overstated by Rs.1.28 crore due to accounting of compensation paid to the concessionaire towards interest on loan availed by them, for the period for which toll collection was suspended as per the instruction of GoI. This has resulted in understatement of Expenditure on toll collection activities by the same amount.	**(1.4) Assets held on behalf of GoI (completed & ongoing): Rs. 2,17,726.57 crore** Payment to M/s L&T Western Andhra Toll ways Limited has been made as compensation towards capital expenditure, therefore this has been booked as expenditure under Assets held on behalf of GoI.
(1.4.2) Assets held on behalf of GoI is understated by Rs. 3.59 crore being amount paid to various contractors for activities viz. balance works, change of scope, relating to the project. This has also resulted in overstatement of Expenditure on / Advance for Maintenance of Highways/ Toll collection activities / by the same amount.	**(1.4.2)** Cost of plantation along existing highway has correctly been booked as revenue expenditure. Whereas expenditure on maintenance of highways/toll collection have been booked under Expenditure on maintenance of highways/Expenditure on toll collection activities.
(1.4.3) 'Assets held on behalf of GoI' did not include cost of construction of toll plaza at Jallandhar-Jammu section amounting Rs. 5.77 crore. The	**(1.4.3)** The cost of maintenance of highways is met out of maintenance grant received from GoI. As per Significant

amount of Rs. 5.77 crore was booked as revenue expenditure. This resulted in understatement of Assets held on behalf of GoI and Capital by Rs. 5.77 crore. An identical comment was issued in the Audit Report on the annual accounts of NHAI for the year 2014-15 & 2015-16 also. No corrective action has been taken.	Accounting Policy sl. 8, which provides as under - "Expenditure on maintenance of highways and toll collection activities, after setting of maintenance grant received from GoI for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support-plough back of toll remittance."
(1.5) As per clause 16.3.2 of the Concession Agreement for Muzaffarnagar to Haridwar project, all costs arising out of change of scope order issued during construction period shall be borne by the Concessionaire upto 0.25% of the Total Project Cost (TPC) and any cost in excess of the above ceiling shall be reimbursed by NHAI to the concessionaire. However, instead of transferring only the actual amount of Rs. 4.51 crore paid for change of scope to Assets held on behalf of GoI, the amount of Rs. 1.88 crore required to be borne by the concessionaire was also debited to Assets held on behalf of GoI and credited to Capital Reserve. This has resulted in overstatement of Capital Reserve as well as 'Assets held on behalf of GoI' each by Rs. 1.88 crore.	**(1.5)** This entry was subsequently rectified.
(2) Investment (Schedule-6): Rs. **909.59 crore** Shares issued to NHAI by New Mangalore Port Road Company Limited (NMPRCL), a Special Purpose Vehicle (SPV) of NHAI, vide Share Certificate dated 23rd March 2017 having distinctive numbers from 128610001 to 133580000, have not been shown as fully paid equity shares the amount of investment of Rs.4.97 crore was disclosed as Share Application money. Hence, the disclosure is incorrect.	**(2) Investment (Schedule-6):** Rs. **909.59 crore** Share certificates pertaining to investment of Rs. 4.97 crore in New Mangalore Port Road Company Limited (NMPRCL), was shown to audit. Copy of share certificate was also submitted to audit along with the reply of HM no. 44.
(3) Current Assets, Loans and Advances (Schedule 7): Rs.41870.28 crore **(3.1) Deposits, Loans and Advances: Rs. 32,953.20 crore** **(3.1.1) Claims Recoverable: Rs.2617.52 crore (Schedule 7)** Above did not include an amount of Rs. 77.06 crore which was	**(3) Current Assets, Loans and Advances (Schedule 7): Rs.41870.28 crore** **(3.1) Deposits, Loans and Advances: Rs. 32,953.20 crore** **(3.1.1) Claims Recoverable: Rs.2617.52 crore (Schedule 7)**

recoverable as on 31 March 2017 from various concessionaires/contractors as detailed below:

Sl. No.	Particulars	Amount Rs. crore
i	Negative Grant (premium) of Rs. 52.67 crore and interest amounting to Rs. 4.22 crore thereon, recoverable from M/s IVRCL Chengapalli Tollways Ltd in respect of Chengapalli – Walayar stretch on NH-47	56.89
ii	Toll Revenue of Rs. 1.23 crore and interest of R.s 0.04 crore thereon recoverable from M/s Jhansi-Baran Pathways Pvt. Ltd. (OMT Concessionaire).	1.27
iii	Interest on delayed reimbursement of fee paid by NHAI to the Independent Consultant in respect of Gwalior-Shivpuri section of NH-73, recoverable from concessionaire (M/s Essel Gwalior-Shivpuri Toll Roads Pvt. Ltd.)	0.12
iv	Damages recoverable from the concessionaire M/s Transstroy Obedullaganj Betul Tollways Pvt. Ltd. at the contractual rate of 20 percent of the expenditure incurred by NHAI on repair and maintenance of Obedullaganj-Betul section of NH-69 at the risk and cost of the concessionaire.	4.95
v	Short remittance of concession fee by the concessionaires viz. M/s Ayodhya Gorakhpur SMS Tolls Pvt. Ltd. (Rs. 7.01 crore) and M/s Gorakhpur Kasia Tollway Pvt. Ltd. (Rs. 5.86 crore), in respect of NH-28.	12.87
vi	Short remittance of toll by M/s Sri SAI Enterprises Hyderabad	0.96
	TOTAL	**77.06**

Thus non-inclusion of the amount of Rs. 77.06 crore in the 'Claims Recoverable' has resulted in understatement of 'Claims Recoverable' as well

Reply to Sl. i to vi –

Suggestions made by CA&G is noted for compliance.

<table>
<tr><td>as Current Liabilities towards ‘Toll Receipts Payable to GoI’ each by Rs. 77.06 crore.</td><td></td></tr>
<tr><td>(3.2) Interest accrued and due on Competent Authority of Land Acquisition (CALA) deposits: Rs.526.28 crore

This did not include an amount of Rs. 8.26 crore towards interest earned on the CALA joint bank account by 2 PIUs (viz. Indore Rs.5.33 crore, Kolkata Rs.2.93 crore) during the year 2016-17. This resulted in understatement of Interest accrued and due on CALA deposits and overstatement of ‘Assets held on behalf of GoI’ being accounted as net of interest on unutilized capital.</td><td>(3.2) Interest accrued and due on Competent Authority of Land Acquisition (CALA) deposits: Rs.526.28 crore

Majority of CALA balances (78%) have been reconciled since 31.03.2017. Reconciliation of remaining account is under progress.</td></tr>
<tr><td>(4) Current Liabilities and Provisions

(4.1) Current Liabilities (Schedule 8)

(4.1.1) Other Liabilities: Rs. 10634.44 crore

a) This did not include liabilities amounting to Rs. 1809.78 crore as under:

(Rs.in crore)
<table><tr><td>A</td><td>Compensation payable for acquisition of land despite issue of 3D Notification / 3G award by CALA.</td><td>1461.80</td></tr><tr><td>B</td><td>Compensation payable to land losers as per Arbitration award.</td><td>10.06</td></tr></table></td><td>(4) Current Liabilities and Provisions

(4.1) Current Liabilities (Schedule 8)

(4.1.1) Other Liabilities: Rs. 10634.44 crore

<table><tr><td>A. In majority of the cases provision for payment was not made because approval of Competent Authority, was not received.</td></tr><tr><td>B. Pending approval of Competent Authority (NHAI), no provision was made in the books of accounts.</td></tr></table></td></tr>
</table>

				C. Payment of positive grants to concessionaire is subject to fulfilment of the provisions of Concession Agreement and approval of Competent Authority. In absence thereof, provision for payment is not made.
C	Positive grant/Annuity payable to concessionaires.	217.43		
D	Amounts payable to contractors/concessionaires/consultants in respect of construction/supervision work done	91.94		D. Provisions for payments are subject to following- a) Work has been executed with due approval, b) there is no dispute regarding amount of payment and c) There is every likelihood of release of payments in near future. In absence of any of the above provision is not made.
E	Amounts payable in respect of O&M Cost/Interest on the debt availed by the concessionaires for the period for which toll collection was under suspension from 09.11.2016 to 02.12.2016 as per the instructions of MoRTH.	14.97		E. Provision is made in those cases only where the claim submitted by concessionaire has been approved by Competent Authority NHAI but could not be paid before the closure of financial year.
F	Amounts payable to GoI in respect of Toll collected	0.09		F. PIU has noted the Audit observation for compliance in respect of future transactions.
G	Amounts payable to GoI in respect of interest received on amount deposited with Supreme Court of India and Bank	5.33		G. The interest received from Supreme Court of India for settlement of case between NHAI vs. M/s Gammon India Ltd against SLP has correctly been booked under Interest

			on Unutilized Capital (Current Year).
H	Amounts payable to Govt. Agencies/bodies/concessionaire for utility shifting	1.06	H. This payment was not approved by the Competent Authority NHAI. Therefore, provision for payment of Rs. 1.06 crore was not required to be made.
I	Amounts payable to the employees of NHAI on implementation of 7th Central Pay Commission	2.99	I. At the time of finalization of accounts the 7th CPC report was not accepted by NHAI, Board.
J	Amounts refundable to contractor for excess BG encashed / deduction made.	1.35	J. excess amount of Rs. 1.35 crore received from M/s Dilip Buildcon-Varadha Infra Ltd (JV) towards encashment of BG vide 2017000050 dated 01.06.2017 has already been released under intimation to audit.
K	Amounts payable to contractors for maintenance work done.	2.76	K. At the time of finalization of PIU accounts maintenance work done by contractor was not approved by Competent Authority for Payment therefor provision was not made.
	Total	**1809.78**	

This resulted in understatement of ‘Assets held on behalf of GoI’ by Rs.1782.29 crore, Net Establishment Expenditure by Rs. 17.73 crore, Personnel & Administrative Expenses by Rs.2.99 crore, overstatement of Capital by Rs.5.33 crore and ‘Cash & Bank’ by Rs.1.44 crore.

b) Current Liabilities included a provision of Rs. 17.89 crore towards demand raised by CALA for acquisition of Government land. Since payment is not required to be made for acquisition of Government Land, no provision was	b) Provision has been created on the basis of amount demanded by CALA therefore the provision is in order and there is no overstatement.

required to be made. This resulted in overstatement of 'Current Liabilities' as well as 'Assets held on behalf of GoI' each by an amount of Rs.17.89 crore.	
(B) General As provided under Section 23 of the NHAI Act 1988, the format of annual statement of accounts of NHAI has been duly prescribed by the Government of India in consultation with C&AG of India. However, the following deviations were noticed in the accounts prepared by the Management when compared to the approved format of accounts: • The approved format provides that the surplus/deficit in the P&L Account is to be carried to the Balance Sheet under Reserves and Surplus. As against this, NHAI without arriving the surplus/deficit, arrived the 'Net Establishment Expenditure' which is in the form of deficit and the same was transferred to 'Assets held on behalf of GoI' under 'Fixed Assets'. The 'Assets held on behalf of GoI' include both completed and ongoing projects. • As per Schedule 5 (Fixed Assets) of the prescribed format, one of the sub-heads is 'Roads & Bridges'. However, this sub-head had been left blank in spite of completed road projects. NHAI has not segregated the cost of ongoing and completed projects and the same are depicted at a consolidated figure of Rs.2,17,726.57 crore (including cost of land of Rs.80,616.20 crore and excluding, Fixed assets of NHAI of Rs.40.63 crore) during the year under the head 'Assets held on behalf of GoI'. NHAI disclosed the amount spent on various projects (both completed and	**(B) General** **1)** The C&AG had conveyed approval of the format of accounts vide their letter dated 22-06-1992. NHAI, since inception, is following the format as approved by C&AG. However in the subsequent years some requirement based minor changes in the format have been made mainly to comply with audit observations or to accommodate changes in accounting policies. Present format was prescribed more than 25 years back, since then lots of changes have taken place in the legal, regulatory, accounting and policy front. Therefore, present format, to a great extent, has become outdated. Proposal for approval of revised format of accounts in consultation with C&AG is under consideration of MoRTH. So far as showing the highway projects developed by NHAI under "Assets held on behalf of GoI" is concerned, this is as per the decision taken in the meeting of senior officials of C&AG, MoRTH and NHAI held on 09.06.2016. Minutes of this meeting was circulated by the office of C&AG vide letter no. R S / 4-2 / 2014-15 / NHAI / A / AC / Vol.II /310 dated 13.07.2016.

under execution) on behalf of GoI as its executing agency as 'Assets held on behalf of GoI'. NHAI sought through MoRTH, a legal opinion from Ministry of Law and Justice and Company Affairs regarding ownership of highways, capitalization of completed road stretches of National Highways and depreciation thereof. The Solicitor General of India had opined (January 2015) that NHAI is merely an executive agency of the Central Government and ownership of the NHs, road & bridges are vested with GoI and NHAI is not the owner of stretches of NHs developed and maintained by the NHAI. Further, the accounting treatment and disclosure given in its Financial Statements is in deviation to the opinion given by the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India which opined that if the NHAI is only acting only as an executing agency on behalf of the Government and does not exercise any control over the roads/highways and/or future economic benefits out of such resources do not accrue to the NHAI, then, NHs are not NHAI's assets and accordingly, recognizing these as its assets and recognizing them as Capital work in progress/Assets held on Behalf of Government of India in NHAI's Balance Sheet is not correct.	
As per the Approved format of Accounts, the Grant-in-aid received for Maintenance of Highways and expenditure incurred thereon should be accounted for in Profit and Loss Account. However, NHAI deviated from this and has adjusted the Maintenance Grant and Expenditure incurred on Maintenance of Highways against Capital Account (Plough back of Toll Remittance, etc.). During the year 2016-17, NHAI incurred Rs.1071.96 crore as the total expenditure on maintenance of highways (Rs.853.26 crore) and toll collection activities (Rs.218.70 crore). Against this, the MORTH released during the year, a grant of Rs.100 crore for maintenance of highways. After adjusting Rs.23.56 crore of 'Other Receipts from O & M of Highways' during the year 2016-17, the balance amount of Rs.948.40 crore, has been set off against the Shareholder's fund. Thus, this has resulted in understatement of Loss for the year and Shareholder's fund-Capital by Rs.948.40 crore. comment was included in the Audit Report on the annual accounts of NHAI for the years 2012-13, 2013-14, 2014-15 and 2015-16. However, no corrective action has been taken by NHAI.	**2)** Present treatment of Grant received for Maintenance of Highways and expenditure incurred thereon is based on the Significant Accounting Policy no. 8. This is being practiced since inception. Suggestions made by audit for accounting of maintenance grant in the profit and loss account has been accepted by five member committee. Elaborate procedure for accounting of grant received for maintenance of highways and expenditure therefrom is suggested in the proposed amendments to NHAI Rules, 1990. This proposal is under consideration of MoRTH.

2) Significant Accounting Policies (Schedule 18) A reference is invited to Accounting Policies No. 5 in Schedule 18 - Significant Accounting Policies which inter alia stated that "the funds borrowed under a) Capital Gains Tax Exemption Bonds u/s 54 EC of Income Tax (IT) Act, b) Tax free, secured, redeemable, non-convertible bonds u/s 10 (15) (iv) (h) of IT Act and c) Taxable bonds for tenure of 5/25/30 years are secured against a flat at Ahmedabad, the highway projects and the superstructures constructed on National Highways, for which the NOC has been issued by the GoI". Audit observed that the above disclosure made in the Accounting Policy No. 5 was misleading and deficient to the extent that the NOC given by MoRTH was only for superstructure constructed on National Highways.	**2) Significant Accounting Policies (Schedule 18)** The observation made by audit has been noted for examination and compliance.
3) Notes on Accounts (Schedule 19) **3.1) Note No. 17** The above Note disclosed that against a deposit of Rs.800.25 crore, NHAI has spent Rs.3990.03 crore thus the recoverable stood at Rs.3189.78 crore. However, as per the status report filed on 23rd March 2017 by MoRTH before the Honorable Supreme Court of India, an amount of Rs. 937.92 crore was released to NHAI by MoRTH and NHAI had an additional fund requirement of Rs. 4962.08 crore from the central pool. The discrepancy in the amount received by NHAI from MoRTH required justification.	**3) Notes on Accounts (Schedule 19)** **3.1) Note No. 17** NHAI will reconcile its receipts with MoRTH data and sort out the differences.
3.2) Notes no. 24 The Note states that "pending the approval of revised format of accounts by MoRTH in consultation with C&AG, existing format of accounts has been used for FY 2016-17". The above disclosure was deficient to the extent that the	**3.2) Notes no. 24** As per the decision taken in the meeting of senior officials of C&AG, MoRTH and NHAI held on 09.06.2016 and Minutes of meeting circulated by the office of C&AG. Highway projects developed by

existing format has been deviated by changing CWIP in to 'Assets held on behalf of GoI'.	NHAI have been shown as 'Assets held on behalf of GoI'.
3.3) Note no. 26 The above Note on Contingent Liabilities does not include contingent liability of Rs.212.38 crore claimed by the concessionaires/contractors and 83 no. of cases pending for land acquisition which are under litigation.	**3.3) Note no. 26** The comments of Audit is noted for compliance in future.
3.4) Adequate disclosure of the following has not been made in the Notes on Accounts which are silent as to the following: (a) Fact of non-availability of title deeds of 2.86 acres of land located at Delhi – Gurgaon border RHS (KM 24.00) and about one acre of land available near Hero Honda Chowk in Gurgaon, possession of which rests with NHAI. (b) As per the Cash Flow Statement, Closing cash and cash equivalents were Rs. 8779.91 crore which consist of i) Cash and cheques in hand/in transit – Rs. 1.15 crore, ii) Balance with banks in Current Account – Rs. 8116.82 crore and iii) Balance with banks in FD Account – Rs. 258.83 crore totaling to Rs. 8376.80 crore only. Hence, there is a difference of Rs. 403.11 crore.	**3.4) Adequate disclosure of the following has not been made in the Notes on Accounts which are silent as to the following:** (a) The comments of Audit is noted for compliance in future. (b) It was due to some typographical error which has been rectified. Refer Corrigendum No. III.
4) Based on the information compiled by Audit in respect of 42 projects (under 15 PIUs) it was noticed that out of 8152.414 hectares of land acquired till 2016-17, for road projects, 3379.442 hectares of land (41.45 per cent of total land acquired) was not mutated as on 31 March 2017. However, the fact regarding non-mutation of land to the above extent was not disclosed in the Notes on Account.	***4)*** *Even after payment of compensation mutation of land is sometimes delayed due to variety of reasons. Suggestions made by Audit would be examined once again and appropriate decision will be taken at the time of preparation of next balance sheet.*
5) Gross Block and Net Block of Fixed Assets as on 31 March 2017 have been shown at Rs.12533.36 lakh & Rs.4675.97 lakh respectively in the	*5) Suggestion made by audit shall be examined and if found feasible, shall be implemented in the next balance sheet.*

Balance Sheet which includes Assets created out of Grant amounting to Rs. 612.58 lakh. As depreciation is not charged on Assets created out of Grant, these Assets should have been deducted from the Gross Block before charging depreciation.

6) Corrections carried out at the instance of Audit

On the basis of observations of Audit, the Management carried out corrections in the accounts to the extent of Rs. 10.45 crore as detailed below:

(Rs. In crore)

Sr. No.	Particulars	Inter Head		Intra Head	
		Debit	**Credit**	**Debit**	**Credit**
1	Assets	7.77	7.77		
2	Liabilities	2.68	2.68		
3.	P&L A/c				
	Total	**10.45**	**10.45**		

6) Corrections carried out at the instance of Audit

No comments.

Annexure-II to Audit Report

1) Internal Audit System

Internal Audit of all 145 Units that existed on 1st April 2016, comprising NHAI Headquarters, Regional Officers and Project Implementation Units, was outsourced to the firms of Chartered Accountants for the year 2016-17. The Internal Audit Reports issued by the Internal Auditor of NHAI Hqrs. did not include any reference to the Action Taken by NHAI on the observations included in the previous internal audit reports.

Annexure-II to Audit Report

1) Internal Audit System

The comments of Audit is noted for compliance in future.

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2) Internal Control System

Internal Control system needs to be strengthened in view of the following:

a) In the books of accounts of NHAI Headquarters, following amounts are lying un-reconciled for more than 9 years, as detailed below

<table>
<tr><th>S. No</th><th>Details/Heads of account</th><th>Amount (Rs. in crore)</th><th>Period</th></tr>
<tr><td>(i)</td><td>Advance against deposit work for utility shifting, agency charges, D&S charges for RoBs, etc.,</td><td>22.29</td><td>Reconciliation pending for more than 13 years</td></tr>
<tr><td>(ii)</td><td>Advances given to various Government Departments during the year 2003 to 2008 for maintenance of highway.</td><td>100.03</td><td>Reconciliation pending for 09-14 years</td></tr>
</table>

These issues were raised on the accounts for the year 2013-14, 2014-15 and 2015-16, but NHAI did not take any corrective action.

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2) Internal Control System

a) Examination of various ledger accounts of NHAI HQ as well as all the field units as on 30.06.2017 has recently been carried out at NHAI, HQ. Details of outstanding balances in respect of various ledgers have been prepared and sent to respective locations with direction to verify the balances and expedite the reconciliation and adjustments of outstanding balances.

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b) National Highways Fee (Determination of Rates and Collection) Rules 2008, as amended in January 2011 stipulated that after recovery of the capital cost of the public funded projects through user fee realized, fee leviable would be reduced to 40 *per cent* of the user fee. MoRTH issued (24 January 2013) guidelines on the method of working out of capital cost. As per guidelines, capital cost inter alia includes interest during construction period (IDC). Further, NHAI was also required to prepare the balance sheet and cash flow of each project for each financial year from April 2013. However, NHAI has not prepared any such project wise balance sheet and cash flow statement.

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b) NHAI has not received any guidelines from MoRTH for preparation of package wise balance sheet & cash flow statement.

However, the proposal for preparation of project wise accounting is under consideration of NHAI Management.

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Working out the capital cost and thus the reduction of user fee to 40% would not be possible due to failures of compliance with the guidelines issued by the MoRTH.	
c) **Non-confirmation of Balances** Management has not sent 'Confirmation of Balance' letters and got the balances confirmed both at Hqrs. and PIUs. Hence, correctness of the balances mentioned in the Financial Statements as regards i) Claims recoverable: Rs.2617.52 crore ii) Recoverable from Subsidiary Companies: Rs.1.79 crore and iii) Recoverable on account of Expenditure on Eastern Peripheral Expressways: Rs.3990.04 crore are subject to confirmation by the above parties. Further, instances of non-reconciliation of balances with Bank Accounts (including CALA Bank Accounts) in four PIUs of NHAI and non-receipt of balance confirmation in one PIU of NHAI were noticed.	c) **Non-confirmation of Balances** NHAI has a system of confirmation of bank balances at the end of each financial year. Accordingly, at the end of every financial year bank balance confirmation certificates are obtained from the banks in respect of all bank accounts. So far as balance confirmation in respect of payables and receivables are concerned, The suggestions made by audit is noted for compliance in future.
3) System of Physical Verification of Fixed Assets Physical verification report of fixed assets at NHAI Head Office was not furnished to Audit. In the absence of the same the authenticity of fixed assets available could not be ascertained by Audit.	**3) System of Physical Verification of Fixed Assets** Majority of the units have done physical verification of assets and submitted verification report. Its implementation will further be streamlined.
4) System of Physical Verification of Inventory There is no inventory.	**4) System of Physical Verification of Inventory** No comments.
5) Regularity in payment of Statutory Dues No instances of delay in depositing TDS were noticed.	No comments.

Annexure-III

Sl. No.	Particulars	Requisition No. & Date	Reminder Date	
1	**Status report of Legal and Arbitration cases as on 31.03.2017.**	**01, 04.08.17**	**14.09.17, 22.09.17, 25.09.17 & 27.09.17**	In course of audit various documents/information/reports were requested by audit.
2	**Status report of pending files as on 31.03.2017 in respect of Change of Scope of various projects.**	**01, 04.08.17**	**14.09.17, 22.09.17, 25.09.17 & 27.09.17**	Documents/information/Records which are compiled in normal course of working and are readily available were provided to audit. Some of the documents/information/reports which are required from concerned Technical Divisions/ ROs/ PIUs, such information, as far as possible, have also been provided to audit.
3	**Minutes of 3 CGM Committee Meeting held up to 31.03.2017 for the years 2015-16 and 2016-17.**	**01, 04.08.17**	**14.09.17, 22.09.17, 25.09.17 & 27.09.17**	
4	**List of abandoned projects.**	**06, 13.09.17**	**22.09.17, 25.09.17 & 27.09.17**	
5	**Claims received from different concessionaires against NHAI up to 31st March 2017, for violation of 'State Support Agreements' by different State Governments.**	**06, 13.09.17**	**22.09.17, 25.09.17 & 27.09.17**	
6	**Measurement books in respect of 'Residential Complex for NHAI Staff and 'Second Office Building of NHAI' at Dwarka in respect of payments made for work certified and measured up to 31.03.2017.**	**07, 14.09.17**	**22.09.17, 25.09.17 & 27.09.17**	This, however, has been noted for future compliance.

7	**Accounting policy no. 4 on Land Acquisition inter alia states, “the compensation for land acquisition as determined by the Competent Authority is paid to Land owners from a separate joint bank account linked to Central CALA account”. In this regard, the date from which the old system was dispensed with and this new policy has been adopted along with the copy of guidelines circulated in this respect.**	**08, 15.09.17**	**22.09.17, 25.09.17 & 27.09.17**	
8	**Guidelines received, if any, from MoRTH in respect of accountal and treatment of penalties/damages etc. levied and collected by NHAI.**	**08, 15.09.17**	**22.09.17, 25.09.17 & 27.09.17**	

REPLY TO AUDIT REPORT ON THE ANNUAL ACCOUNTS OF THEAUTHORITY FOR THE YEAR ENDED 31 MARCH 2016

AUDIT OBSERVATIONS	MANAGEMENT REPLY TO AUDIT OBSERVATIONS
EXTRACT OF AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF NATIONAL HIGHWAYS AUTHORITY OF INDIA FOR THE YEAR ENDED 31 MARCH 2016 Based on our audit, we report that: i. The Balance Sheet and Profit and Loss Account dealt with by this report have not been drawn up in the format approved by the Government of India under Section 34 (2)(g) of NHAI Act, 1988 and Rule 6(1)(b) of NHAI Rules 1990, as amended from time to time.	i. The format of accounts was prescribed by C&AG in the year 1992. Since then lot of changes have taken place in the accounting requirements of Authority. Accordingly, certain requirement based changes have taken place. These changes are properly covered under the Significant Accounting Policy of Authority and have been audited annually. Revised formats of accounts have been prescribed by M/s KPMG, which has been submitted for approval to C&AG by MoRTH and is under consideration of C&AG.
ii. Proper books of accounts and other relevant records have not been maintained by NHAI, in so far as it appears from our examination of such books, as enumerated below: (a) The Capital Work in Progress (CWIP) (completed and ongoing) of Rs. 1,76,454.03 crore represents the expenditure incurred by NHAI on acquisition of land for road construction, construction of roads and bridges, etc. as on 31 March 2016. The completed projects are neither capitalized as Fixed Assets nor depicted separately under the Capital	ii. Authority is maintaining all those records which are required as per current Rules and Policies being followed by NHAI. The five points indicated by the Audit relates to treatment of various expenditures in the Capital Work in Progress (CWIP) in the Balance Sheet. Presently, NHAI is not maintaining accounts to capture various costs under project accounting concept. Whereas the direct expenses are identified and booked to respective project, indirect expenses are booked directly to CWIP for the total amount. These issues can be addressed, once the project wise accounting is in place. In order to address all those observations, NHAI has appointed M/s KPMG in consultation with C&AG to advice on the matter. M/s KPMG has already submitted their

Work in Progress. While NHAI contended that Central Government is the owner of these assets and NHAI is only the executing agency of the Central Government, these assets are shown in the Balance Sheet as Fixed Assets of NHAI without depicting the corresponding depreciation on completed assets. Thus, depicting this expenditure incurred on land, roads & bridges etc. as its own Fixed Assets under the head of CWIP, without depicting the corresponding depreciation on completed assets, in its books of accounts by NHAI is not correct and has resulted in overstatement of Fixed Assets-Capital Work in Progress by Rs. 1,76,454.03 crore.	recommendations and the same is under consideration of five member committee appointed by Deputy C&AG. Recommendations of five member committee, as may be approved by MoRTH in consultation with C&AG, shall be implemented in due course of time. Apart from above, the point wise reply is as under: (a) This point has already been covered under "Notes on Accounts" which reads as follows. "The capital work in progress shown in the balance sheet as on 31.3.2016 pertains to the Roads and Highways held by NHAI on behalf of Govt. of India. Ownership of the said assets lies with the Govt. of India. The depreciation is accordingly not charged in the books of NHAI." This is also accepted by the five member committee constituted by Dy. C&AG.
(b) The entire amount of borrowing cost of Rs. 2,227.70 crore for the year 2015-16 has been booked under 'CWIP'. This includes borrowing cost in respect of completed projects, which cannot be quantified in absence of non-maintenance of project wise details with respect to ongoing and completed projects. This is in contravention to generally accepted accounting principles and NHAI's Accounting Policy No. 6.2. As NHAI did not maintain records in respect of utilization of project wise borrowed funds, correctness of the total borrowing costs allocated to complete and ongoing projects till date also could not be verified in Audit.	(b) Accounting Policy 6.2 refers to the treatment of project specific borrowings. NHAI has only one project specific borrowing i. e. ADB loan for Surat –Manor project and it has been dealt with as per this accounting policy. Rest of the borrowing cost is not project specific and hence added to CWIP.
(c) Allocation of 'Net Establishment expenses for the year' amounting to Rs. 228.90 crore to CWIP is also against generally accepted accounting principles as this is revenue expenditure and entire amount should not be allocated to CWIP. Proportionate amount related to completed projects is not a part of CWIP and should not be capitalized. In the absence of details of project wise details of such expenditure, Audit has been unable to quantify the impact of such incorrect booking.	(c) All establishment expenditure after setting off the income is charged to capital-work-in-progress. This is as per the Significant Accounting Policy given schedule 18 of the annual accounts 2015-16.
(d) 'CWIP' includes Rs. 8,683.34 crore (excluding cost of land amounting to Rs. 598.64 crore, and borrowing cost and interest expenditure which could not be worked out in the absence of project wise details of cost)	(d) Award of a road stretch under BOT/PPP to any private Concessionaire does not involve transfer of ownership to them and the ownership still remain with GoI. In such cases only the

incurred by NHAI on 18 road projects which have been handed over, along with tolling rights, to concessionaires for upgradation of the roads to 4/6-lanes on BOT basis. Similarly, eight other road projects have been transferred to the State Governments. Though these projects do not exist with NHAI, no adjustments have been made in the accounts. As verifiable project-wise expenditure records are not available, the impact on the Financial Statements could not be quantified.	right to develop the stretch with tolling/annuity payment rights are transferred to the concessionaire .Hence cost of 4 lane projects that are executed by NHAI and subsequently possession of which was handed over to Concessionaire for 6-laning on BOT basis has been reflected in NHAI books of accounts. Ownership of such assets are still with GOI and is not transferred to concessionaire.
(e) 'CWIP' includes Rs. 1,194.30 crore (including mobilization advance of Rs. 76.63 crore) released by NHAI to various State Government for executing NHDP phase-IV projects on the advice of MoRTH. However, these projects have not been transferred to NHAI. Neither are any guidelines from MoRTH nor accounting policy of NHAI in place for accounting treatment of these payment in the books of accounts of NHAI. In the absence of transfer of these projects to NHAI, depicting of amount released to State Government by NHAI, in respect of these projects as CWIP is not correct. Thus, this has resulted in overstatement of Fixed Assets-CWIP by Rs. 1,117.67 crore and Current Assets and Loans & Advances by Rs.76.63 crore.	(e) As per direction received from MoRTH, NHAI is making payments for NHDP Phase- IV projects on the basis of pay orders received from MoRTH. MoRTH vide letter no. RW/NH/24031/1/2008/PPP (F) dated 10.07.2009; copy of which has been submitted to audit, has issued detailed procedure for sanction and payments. However, MoRTH has not suggested any change in the existing accounting treatment. Therefore in absence of any accounting guidelines from MoRTH such expenditures were booked under CWIP. However, now NHAI is now transferring such payments from CWIP to a "Recoverable from MoRTH account".
iii. Apart from the significant matters stated above, other observations are placed as Annexure – I and II to Audit Report. iv. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matter mentioned in Annexure-I and II to this Audit Report, give a true and fair view in conformity with accounting principles generally accepted in India: -In so far as it related to the Balance Sheet, of the state of affairs of	C&AG has opined that financial statements give a true and fair view in conformity with accounting principles generally accepted in India subject to certain observations.

<table>
<tr><td>NHAI as at 31 March 2016.

-In so far as it relates to the Profit and Loss Account, of the excess of expenditure over income transferred to Capital Work in Progress for the year ended on that date.</td><td></td></tr>
<tr><td><u>Annexure-I</u>

(to the Audit Report on the annual accounts of NHAI for the year 2015-16)

(A) BALANCE SHEET

(I) SOURCES OF FUNDS

(1) Shareholders’ Fund

(1.1) Capital U/S 17 (Schedule-1)
Capital-Net off Toll Collection, Negative Grant etc. up to 31.03.2010: Rs.6183.56 crore

The above amount represents Current Liability towards ‘Net of Toll Receipts, Maintenance Expenditure over Grant etc. payable to GoI up to 31.03.2010’ which the NHAI had transferred during the year 2012-13 to Capital Account u/s 17 of the NHAI Act 1988, without the approval of the Ministry of Finance and Ministry of Road Transport and Highways.

A comment was included in the Audit Report on the accounts of NHAI for the</td><td><u>Annexure-I to Audit Report</u>

(A) BALANCE SHEET

(I) SOURCES OF FUNDS

(1) Shareholders’ Fund

(1.1) Capital U/S 17 (Schedule-1)
Capital-Net off Toll Collection, Negative Grant etc. up to 31.03.2010: Rs.6183.56 crore

Rs. 6153.86 crores was already spent on the projects, before the accounting issue was taken up by CAG. There were only two options available with NHAI i.e either to get the reimbursement of the entire project expenses of Rs 6183.56 Crs and deposit it into CFI or to pass an accounting entry treating the same as CWIP and the utilized amount as Capital. In either of the case, it could have increased capital and CWIP to that extent.

NHAI adopted to regularize the expenses through an accounting entry,</td></tr>
</table>

years 2012-13, 2013-14 and 2014-15. NHAI had taken up the matter in March 2014 for obtaining approval of Ministry of Road Transport and Highways (MoRTH)/Ministry of Finance (MoF). However, the specific approval/consent of Government of India (GoI) on the same is not yet received. This should have been disclosed in the Notes on Accounts.	with due approval of the Authority. The decision was also concurred by MoRTH. Ministry of Finance (MoF) had raised certain queries which were replied by NHAI. No further query was raised by MoF, Hence, the matter may be treated as closed. This accounting treatment was also disclosed through a note in schedule 19 Notes on Accounts at sl. 9 in the Annual Financial Statements of NHAI for 2012-13.
(2) Borrowings: Rs. 45,270.37 crore (Schedule-4) As per Rule 9 of NHAI Rules1990, every loan raised by the NHAI not being a loan repayable before expiration of one year from the date of the loan, the Authority shall set apart a sum half yearly, out of its income in the reserve fund, sufficient to liquidate the loan within a period which shall not in any case exceed thirty years. The NHAI may apply the whole or any part of the sums accumulated in any Reserve Fund in or towards the discharge of the loan liabilities for the repayment of which the fund has been established, provided that NHAI pays into the fund each year, and accumulated until the whole of the money borrowed is discharged, a sum equivalent to the interest which would have been produced by the Reserve Fund or the part of the reserve funds so applied. As on 31 March 2016, an amount of Rs. 45,270.36 crore was shown as payable to the bond holders of capital gain tax free bonds-54EC (Rs.10,566.70 crore), tax fee redeemable non-convertible bonds (Rs.34,000 crore) and loan from ADB (Rs.703.66 crore). However, NHAI has not created the Reserve Fund as per the above Rules. This has resulted in non-adherence of the provision of NHAI Rules 1990.	**(2) Borrowings: Rs. 45270.37 crore (Schedule-4)** The National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds, and Powers to Enter Premises) Rules, 1990 provides for creation of reserve out of income of Authority. Authority is an executing agency of Government of India, does not have any source of income. Therefore it is not possible to create any Reserve fund by setting apart a sum half yearly, out of its income for liquidating the loan as provided in Rule 9, of NHAI Rules 1990.

APPLICATION OF FUNDS **(1) Fixed Assets-Capital Work in Progress: (Schedule 5)** **CWIP Less Capital Reserve: Rs. 887.29 crore** (Schedule 5) During the year, NHAI deducted an amount of Rs. 111.89 crore, as capital reserve from CWIP, without categorizing it into capital or revenue. As per Generally Accepted Accounting Principles (GAAP), no revenue income is to be deducted from capital assets after commissioning / putting to use of an asset. Further, NHAI did not reduce the income from the cost of the respective project. The income has been added year to year and entire amount reduced from overall amount of CWIP. Thus, the financial statements of NHAI have not been prepared on GAAP and Accounting policy no. 11 (iii) of NHAI. A similar comment was included in the Audit Report on the accounts of NHAI for the year 2014-15.	**APPLICATION OF FUNDS** **(1) Fixed Assets-Capital Work in Progress: (Schedule 5)** **CWIP Less Capital Reserve: Rs.887.29 crore (Schedule 5)** As per the existing and accepted Accounting Practices any receipt of non-recurring nature (viz., sale proceeds of fallen/ dead trees) during construction period are credited to “Capital Reserve”. Penalties and other receipts related to Toll are credited to - “Other Toll Receipts Payable to GOI”. Whereas, other receipts related to post construction and O&M activities (like fees for wayside amenities, fee for laying of telephone/pipe lines, liquidated damage, penalty etc.) are credited to “Other receipts from operation and maintenance of highways”.
(1.2) CWIP less Interest on un-utilized capital: Rs. 8760.60 crore Above includes accrued interest amounting to Rs. 171.33 crore, during the year on the loan disbursed to nine subsidiary companies. This interest income has been deducted from CWIP instead of being shown as income in P&L Account. This has resulted in understatement of ‘Capital Work in Progress’ and income for the year by Rs. 171.33 crore. A similar comment was included in the Audit Report on the annual accounts of NHAI for the year 2014-15.	**(1.2) CWIP less Interest on un-utilized capital Rs.8760.60 crore** The receipts from SPV assets are in the form of toll collection and are deposited into the Consolidated Fund of India (CFI). All the other incidental receipts/recoveries other than toll collections and interest from advances are credited to the related CWIP in the books of NHAI as per Accounting Policy no 11 (iii). The same is followed consistently since inception.
(1.3) CWIP did not include cost of construction of toll plaza at Jallandhar-Jammu Section amounting to Rs. 5.77 crore. The amount of Rs. 5.77 crore was booked as revenue expenditure. This resulted in understatement of CWIP and Capital by Rs. 5.77 crore. An identical comment was included in the Audit Report on the annual accounts of NHAI for the year 2014-15 also. No corrective action has been taken.	**(1.3)** Construction of toll plaza is a post construction activity and is part of operation and maintenance exercise. Toll plazas are temporary structures, therefore cost of construction of toll plazas are conventionally treated as operation and maintenance activity and is not capitalized as per the Accounting Policy no. 8.

(1.4) Above includes Rs. 0.99 crore incurred during operation and maintenance period towards consultancy services by Independent Engineer and on maintenance of NH. In fact the above amount should have been accounted for under Expenditure on Maintenance of NHs. Resultantly, CWIP was understated by Rs. 0.99 crore.	**(1.4)** Necessary rectification entries in accounts reversing the CWIP and debiting operation and maintenance account, wherever required, is carried out during 2016-17.
(2) Investment (Schedule-6): Rs. 1,216.53 crore The above includes investment of Rs. 345.21 crore (PY Rs. 345.21) crore in two subsidiary companies, viz., M/s Moradabad Toll Road Company Limited (Rs. 32.36 crore) and M/s Ahmedabad-Vadodara Expressway Company Ltd. (Rs. 312.85 crore), wherein the road project and toll collection right have been transferred (in December 2010 and January 2013 respectively), to Concessionaire. In view of this, a provision for diminution in the value of the investments should have been made to the extent of Rs. 345.21 crore. Non provision of the same has resulted in overstatement of investment and understatement of loss for the year by Rs. 345.21 crore. In addition to above, investment of Rs. 580.86 crore made in six subsidiary companies, viz., Visakhapatnam Port Road Company Ltd., Cochin Port Road Company Ltd. (CPRCL), Paradeep Port Road Company Ltd. (PPRCL), New Mangalore Port Road Company Ltd., Calcutta Haldia Port Road Company Ltd., and Tuticorin Port Road Company Ltd has diminished in its value due to accumulated losses ranging from 19.93 per cent (PPRCL) to 155.76 per cent (CPRCL) of the share capital, which resulted in erosion of their net worth. A suitable provision should have been made in the books of accounts as per Accounting Standard-13 'Accounting for Investments' after determining the diminution in value. In the absence of such determination by NHAI, the extent of overstatement of investment and understatement of loss thereof could not be quantified by Audit. A similar comment was included in the Audit Report on the annual accounts of NHAI for the years 2012-13, 2013-14 and 2014-15. NHAI did not take any	**(2) Investment (Schedule-6): Rs. 1,216.53 crore** NHAI proposes to carry out valuation of each of the SPVs and necessary provision for diminution in the value of investments shall be made after valuation.

corrective action.	
(3) Current Assets, Loans and Advances (Schedule 7) **(3.1) Deposits, Loans and Advances** **(3.1.1) Loan to Subsidiary Companies: Rs. 1,881.90 crore** Reference is invited to Comment No. A (II)(2) above. Since the road project as well as toll collection rights have been transferred to the Concessionaire, there is no possibility of recovery of the loan of Rs. 73.71 crore given to these two subsidiary companies viz., M/s Moradabad Toll Road Company Limited (Rs. 48.03 crore) and M/s Ahmedabad-Vadodara Expressway Company Ltd. (Rs 25.68 crore). Moreover, the decision of winding up of these two companies has already been taken by the Board of Directors. In the absence of provision towards the same, 'Loan to Subsidiary Companies' is overstated by Rs. 73.71 crore and 'Loss for the year' is understated to the same extent. A similar comment was included in the Audit Report on the annual accounts of NHAI for the years 2012-13, 2013-14 and 2014-15. NHAI did not take any corrective action.	**(3) Current Assets, Loans and Advances (Schedule 7)** **(3.1) Deposits, Loans and Advances** **(3.1.1) Loan to Subsidiary Companies: Rs. 1,881.90 crore** Based on the valuation report, as given in point no. 2 above, necessary provisions on the loans given to SPVs shall be made.
(3.1.2) Claims Recoverable: Rs. 1,877.38 crore (Schedule 7) Above does not include Rs. 7.64 crore being amount of toll remittance and interest accrued thereon, recoverable from concessionaire/toll collection agency and payable to Government of India (GoI). This has also resulted in understatement of Current Liabilities and Provisions-Payable to Gol by Rs.7.64 crore.	**(3.1.2) Claims Recoverable: Rs.1,877.38 crore (Schedule 7)** The claims as may be admissible shall be taken care of in FY 2016-17.
(3.2) interest accrued and due on Competent Authority of Land Acquisition (CALA) deposits: Rs.595.70 crore	**(3.2) interest accrued and due on Competent Authority of Land Acquisition (CALA) deposits: Rs.595.70 crore**

This does not include an amount of Rs. 1.80 crore towards interest earned during the year 2015-16 on the amount deposited by three PIUs (viz. Patna, Dhanbad and Nashik) in the joint bank accounts with respective CALA. This has resulted in understatement of Current Assets, Loans and Advances by Rs. 1.8O crore and overstatement of CWIP being accounted as net off interest on unutilized capital to the same extent.	The observation made by audit is accepted and the same will be accounted in Financial year 2016-17

(4) Current Liabilities and Provisions **(4.1) Current Liabilities (Schedule 8)** **(4.1.1) Other Liabilities: Rs.6,642.19 crore** This is understated by Rs.1.210.57 crore due to non/short provision of liability on account of: (Rs. in crore)	**(4) Current Liabilities and Provisions** **(4.1) Current Liabilities (Schedule 8)** **(4.1.1) Other Liabilities: Rs.6,642.19 crore**

A	Positive grant/payable to concessionaires (Grant accrued and due).	77.02
B	Payable to contractors/concessionaires in respect of maintenance work done.	4.44
C	Payment to be made to the concessionaire for tree cutting.	1.34

A	Payment of positive grants to concessionaire is subject to fulfilment of the provisions of Concession Agreement only. Any non-compliance of MCA provisions shall not entail provision for payment of grant.
B	The expenditures were to be accounted after establishing the liability and approval of Competent Authority.
C	The claims made by the Concessionaire, M/s Bhubaneswar Expressways Pvt. Ltd. were arbitrary without any approved estimate & certification from the Appropriate Authority and has not been accepted by the competent Authority, hence not accounted. The same is to be accounted after approval of Competent Authority.
D	In majority of the cases provision for payment was not made because approval of Competent Authority was not received.
E	Normally provisions for payments are made in respect of works which fulfill following criteria-

D	Demands raised by CALA for compensation in respect of land acquired	945.71
E	Payable to contractors/concessionaires/consultants in respect of construction Work done.	144.32
F	Payable to Forest Department on account of Tree Cutting/ Afforestation / Diversion of forest land.	5.93

	d) Work has been executed with due approval, e) there is no dispute regarding amount of payment and f) There is every likelihood of release of payments in near future. However this point has been noted and adequate care will be taken to account for the expenses.
F	In absence of approval of Competent Authority /compliance of procedures fixed for such payment it was not accounted.
G	The expenses are accounted for after compliance of procedures.
H	Since the allotment was not confirmed before the cut-off date i.e 25th April 2016, provision for same was not considered at the time of finalization of accounts.
I	Negotiations with railways were not concluded, therefore not provided for.

G	Payable to contractor/concessionaire on account of withheld amount of Semi- Annuity	26.20
H	Payable to 54EC capital gain tax free bondholders on account of interest	1.86
I	Payable to Govt. Agencies/bodies/concessionaire for utility shifting.	3.75
	Total	**1210.57**

This has also resulted in understatement of CWIP by Rs. 1206.13 crore and Expenditure on maintenance of highway by Rs. 4.44 crore.

(B) General

1). As per 'Statement by the Members of the Board' under the heading 'Other Regulatory and Statutory Disclosures' given in the prospectus for issue to Tax Free Secured Redeemable Non-Convertible Bonds issued during 2011-12 of Rs. 10,000 crore, in the year 2013-14 of Rs. 5,000 crore and in the year 2015-16 of Rs. 19000 crore, NHAI committed that:

(i) All monies received out of each tranche issue of the bonds to the public shall be transferred to a separate bank account.

(B) General

(1) In line with the provisions of Section 18 (1) of the National Highways Authority of India Act 1988 read with Section 18 (2) the money received from various sources are kept in bank accounts and expenditure on various activities of NHAI are made from those accounts.

i) The amount received is kept in Escrow Account when it is first collected and then transferred to other bank account where NHAI's other funds are kept.

(ii) Details of all monies utilized out of each tranche issue shall be disclosed the purpose for which such monies were utilized under an appropriate separate head in the Balance Sheet.

(iii) Details of all unutilized monies out of each tranche issue shall be disclosed the form in which such unutilized monies have been invested under an appropriate separate head in the Balance Sheet.

However, NHAI has not complied with all the aforesaid conditions and has only given a general disclosure vide Note No. 24 (1) of Notes on Accounts that 'All receipts of NHAI viz. Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of

India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is being maintained for utilization of NHAI Bond proceeds.'

A similar comment was included in the Audit Report on the annual accounts of NHAI for the years 2012-13, 2013-l4 and 2014-15. NHAI did not take any corrective action.

(ii and iii) Proceeds received from each tranche of tax free bonds issued by NHAI were utilized in accordance with the "Objects of the Issue" as given in the respective tranche prospectus and section 18 of NHAI Act 1988. The borrowings thus raised were intended to be utilized towards part financing of NHAI projects. Accordingly, the proceeds were utilized. This is apparent from the figures of yearly project expenditure incurred by NHAI vis-a-vis the yearly borrowings from tax free bonds. The year wise details are as under:

Year	Borrowings from tax free bonds (Rs in Cr.)	Project expenditure (Rs in Cr.)
2011-12	10,000.00	14,898.79
2012-13	5,000.00	20,601.31
2015-16	19,000.00	42,689.49

As regards disclosure under an appropriate separate head of the balance sheet about utilized and unutilized monies indicating the purpose for which such monies were utilized, it is submitted that there is a difference between the provisions. The prospectus provides that utilized and unutilized monies are to be shown under separate heads in the balance sheet, whereas the NHAI Act 1988 provides that Authority will have a common fund called National Highways Authority of India Fund to which all receipts including borrowed funds will be credited.

In view of slight discrepancy between the provisions of prospectus and NHAI Act 1988 and the fact that Act has an overriding power over the provisions of the prospectus, it was decided to stick to the provisions of the Act. Accordingly no separate disclosure was made in the balance sheet.

	The bonds issued by NHAI are compliant with all laws applicable to NHAI in relation to such issuances including the Securities Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time. Further, certificate of compliance by NHAI with applicable laws in relation to each tranche has been issued by the Registrar and Transfer Agent to the respective issues.
2). The NHAI, being a body corporate, is to act on 'Business Principles' as per Section 10 of NHAI Act 1988. Further, as provided under Section 23 of the NHAI Act 1988, the format of annual statement of accounts of NHAI has been duly prescribed by the Government of India in consultation with C&AG of India. However, there were deviations from the approved format of accounts as under: • The approved format provides that the surplus/deficit in the P&L Account is to be carried to the Balance Sheet under Reserves and Surplus; however, NHAI is allocating the deficit in the Profit & Loss Account at the year end to CWIP (on-going and completed projects) under 'Fixed Assets'. • As per Schedule 5 (Fixed Assets) of the prescribed formats, one of the sub-heads is 'Roads & Bridges'. However, this sub-head had been let blank in spite of completed road projects. NHAI has not segregated the cost of ongoing and completed projects and the same are depicted at a consolidated figure of Rs. 1,76,454.03 crore (including cost of land of Rs.62,793.03 crore and excluding, Fixed assets of NHAI of Rs. 40.41 crore) during the year under the head CWIP. • As per the format, the Grant-in-aid for Maintenance of Highways and expenditure thereon should have been accounted for in Profit and Loss Account; however, NHAI is adjusting the same from Capital Account (Plough back of Toll Remittance, etc.). During the year, NHAI incurred Rs. 1,400.51 crore as the total expenditure on maintenance of highways (maintenance Rs. 1,296.61 crore and toll collection activities Rs. 103.90 crore). Against this, the MoRTH released grant of Rs. 100 crore during the year 2015-16, for maintenance of highways. After adjusting Rs. 73.98 crore of 'Other Receipts from O & M of Highways' during the	2) Treatments given to surplus/ deficit, presentation of fixed assets, setting off of maintenance grant are based on the Accounting Policies of NHAI, which is consistently being followed. The new accounting format as recommended by M/s KPMG is under consideration of C&AG.

year 2015-16, balance amount of Rs. 1,226.53 crore has been set off against the Shareholder's fund, This has resulted in understatement of Loss for the year and Shareholder's fund-Capital by Rs. 1,226.53 crore. During the year 2014-15, in order to resolve the issues regarding ownership of highways, capitalization to completed stretch of NHs and depreciation thereon. NHAI sought, through MoRTH, a legal opinion from the Ministry of Law, Justice & Company Affairs. The Solicitor General of India had opined that NHAI is merely an executive agency of the Central Government and ownership of the NHs, road and bridges are vested in the Government of India. NHAI is not the owner of stretches of NHs developed and maintained by the NHAI. However, the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India opined that, if NHAI was only acting as an executing agency on behalf of the Government and does not exercise any control over the roads/highways and/or future economic benefits out of such resources do not accrue to the NHAI, then, NHs arc not NHAI's assets and accordingly, recognizing these as its assets / 'Capital work in progress' in the Annual Report, is not correct. A similar comment was included in the Audit Report on the annual accounts of NHAI for the years 2012-13, 2013-14 and 2014-15. NHA1 did not take any corrective action.	
3). Note 25 of Notes on Accounts (Schedule-19) The Note states that the Consultant M/s KPMG was appointed in consultation with C&AG even though the selection and appointment of Consultant was only at the instance of NHAI. Further the proposed format of accounts and the principles to be adopted for deciding the ownership of assets, their inclusion in the financial statements of NHAI, the nature of their classification, accountal and disclosure have not been finalized on the date of this report since the process of consultation required as per provisions of Section 34(2) (g) of NHAI Act read with Rule 6(1) (b) of NHAI Rules 1990 have not been concluded on the date of this report. No final agreement has been reached on the issue of ownership of	**3) Note 25 of Notes on Accounts (Schedule-19)** The final recommendation of five member committee as may be approved by MoRTH in consultation with C&AG shall be adopted by NHAI.

<table>
<tr><td>highways, capitalization of highways and charges of depreciation contrary to the statement in the Note.</td><td></td></tr>
<tr><td>4). Based on the information compiled by Audit in respect of 55 projects under 17 PIUs, it was noticed that NHAI acquired 13,603.46 hectares of land on behalf of the Government of India, of which 1 1,191.28 hectares (82 per cent) land has not been mutated as on 31.03.2016 in the name of Government of India. The fact regarding non completion of mutation of land (including 11,191.28 hectares land mentioned above), as well as details like land for right of way (ROW) not in use, land under encroachment, land under dispute/litigation etc., should have been disclosed in the financial statement by way of a Note in the Notes on Account.

Despite giving an assurance on a similar comment on the annual accounts for year 2014-15, NHAI did not take any corrective action in the matter.</td><td>4) The observations regarding the issue of disclosure of mutation and encroachment have been made for the first time by C&AG. Suggestions made by Audit would be taken care of in the next accounts statements.</td></tr>
<tr><td>5). Significant Accounting Policies (Schedule-18) as well as Fixed Assets (Schedule-5) - of annual accounts of NHAI indicated, till year 2014-15, rate of depreciation as 5% per annum on 'Roads & Bridges'. However, the annual accounts of NHAI for the year 2015-16 neither discloses the rate of depreciation on 'Roads & Bridges' nor the reason for doing so.</td><td>5) Since the ownership of Roads and Bridges developed by NHAI lies with Government of India and the same are not subjected to depreciation, therefore rate of depreciation against Roads and Bridges were not required to be shown.</td></tr>
<tr><td>6). Corrections carried out at the instance of Audit

On the basis of observations of Audit, the Management carried out corrections in the accounts to the extent of Rs. 156.42 crore as detailed below:

Rs. in crore<table><tr><td></td><td></td><td>Inter Head</td><td>Intra Head</td></tr></table></td><td>6). Corrections carried out at the instance of Audit

Agreed and changes effected in the accounts.</td></tr>
</table>

Sl. No.	Particulars	Debit	Credit	Debit	Credit
1	Assets	106.84	39.40	0	0
2	Liabilities	5.34	73.08	43.94	43.94
3	P&L A/c	0.30	0	0	0
		112.48	112.48	43.94	43.94

Annexure-II to Audit Report

1) Internal Audit System

The Internal Audit of the Authority has been outsourced to Chartered Accountants firms. However, the internal audit report was not produced to Audit and thus any formal assurance regarding the adequacy and effectiveness of internal audit over financial reporting could not be formed.

1) Internal Audit System

This observation has been complied with and reports were submitted to audit through e-mails.

2) Internal Control System

Internal Control system needs to be strengthened in view of the following:

a) In the books of accounts of NHAI Headquarter, following amounts are lying un-reconciled for 8 to 12 years, as detailed below

Sl. No.	Details/Heads of account	Amount (Rs. in crore)	Reconciliation pending since

2) Internal Control System

a) The issue of reconciliation of outstanding ledger accounts under various liabilities and assets head which inter alia includes Advance against Deposit Work & Advance for Maintenance of Highways has since been started. Internal Auditors are advised to include the progress made in ledger reconciliation & settlement of outstanding balances as a part of their internal audit report.

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(i)	Advance against deposit work for utility shifting, agency charges, D&S charges for RoBs, etc.,	22.29	More than 12 years
(ii)	Advances given to various Government Departments during the year 2003 to 2008 for maintenance of highway.	100.03	08-13 years

These issues were raised on the accounts for the year 2013-14 and 2014-15, but NHAI did not take any corrective action. The system of reconciliation of old advances needs to be improved.
</td><td></td></tr>
<tr><td>b) National Highways Fee (Determination of Rates and Collection) Rules, 2008, as amended in January 2011 stipulated that after recovery of the capital cost of the public funded projects through user fee realized, fee leviable would be reduced to 40 per cent of the user fee. MoRTH issued (24 January 2013) guidelines on the method of working out of capital cost. As per guidelines, capital cost also includes interest during construction period (IDC). Further, NHA1 was also required to prepare the balance sheet and cash flow of each project at the each financial year from April 2013. However, NHAI did not prepare any such project wise balance sheet and cash flow statement.

Working of capital cost and thus the reduction of user fee to 40% would not be possible due to failures of compliance with the guidelines issued by the MoRTH</td><td>(b) Accounts of Authority are being prepared as per the provisions of National Highways Authority of India Act, 1998 and National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds and Power to Enter-Premises) Rules, 1990 and in the format of accounts prescribed by the MoRTH in consultation with C&AG. Project wise expenditure would be available after adoption of project wise accounting by NHAI. This proposal is under deliberation by five member committee.</td></tr>
<tr><td>c) During the test check of records, Audit noticed in three Project Implementation Units of NHAI that there is no reconciliation of the amount deposited with Competent Authority of Land Acquisition in respect of land acquisition.</td><td>(c) The accounts were subsequently reconciled. As per the new policy, old CALA accounts are being reconciled and closed and funds are being transferred to the Centralized CALA account.</td></tr>
<tr><td>3) System of Physical Verification of Fixed Assets

• Physical verification report of fixed assets at NHAI Head Office was not finished to Audit. In the absence of the same the authenticity of fixed</td><td>3) System of Physical Verification of Fixed Assets

At the time of finalization of accounts instructions are issued to HO, ROs and PIUs to get the physical verification of assets done by forming a</td></tr>
</table>

assets available could not be ascertained by Audit. • No reconciliation of Fixed Assets with physical verification report has done at two PIUs of NHAI (viz. Jammu and Chittorgarh) to ascertain shortages /excess thereof.	committee at local level. Majority of the units have complied with this and submitted physical verification report. Its implementation will further be improved.
4) System of Physical Verification of Inventory There is no inventory.	**4) System of Physical Verification of Inventory** No comments.
5) Regularity in payment of Statutory Dues During test-check, an instance of delay in depositing TDS was noticed in Project Implementation Unit of NHAI at Guna (Madhya Pradesh).	**5) Regularity in payment of Statutory Dues** Income tax is generally deposited in time. There are very few instances of delayed deposit. ROs and PIUs are regularly directed to comply with the statutory provisions.

REPLY TO AUDIT REPORT ON THE ANNUAL ACCOUNTS OF THEAUTHORITY FOR THE YEAR ENDED 31 MARCH 2015

Audit Report	Management Reply
i) The Balance Sheet and Profit and Loss Account dealt with by this report have not been drawn up in the format approved by the Government of India under Section 34(2)(g) of NHAI Act, 1988 and Rule 6(l)(b) of NHAI Rules 1990.	i) As per rule 6 (1)(b) of the NHAI (Budget, Accounts, Audit, Investment of funds and Power to enter Premises) Rules 1990 NHAI is required to prepare annual statement of accounts which shall include the profit and loss accounts and Balance Sheet and such other subsidiary accounts as the Central Government may, in consultation with the Comptroller and Auditor General of India, direct. The format of Annual Statement of Accounts including Profit & Loss account and Balance Sheet being followed by the NHAI has been prescribed by the CAG in the year 1992 and since then the NHAI is consistently following the same format without any deviation/change.
ii. We have serious reservations regarding the maintenance of proper books of accounts and other relevant records by the Authority in so far as it appears from our examination of such books as enumerated below:	
a) The Capital work-in-progress (CWIP) of Rs. 140797.31 crore includes the expenditure incurred by NHAI on the completed as well as ongoing highway projects. On one hand NHAI contended that the Government of India is the owner of these roads assets, on the other hand, these are being shown in the Balance Sheet as Fixed Assets of NHAI. Thus, depicting the cost of NHs as its own Fixed assets under the head of Capital work in progress by NHAI has resulted in overstatement of fixed assets-capital work in progress by NHAI has resulted in overstatement of Fixed assets-capital work in progress by Rs. 140797.31 crore and understatement of Loss for the year to the same extent.	a) Total CWIP expenditure of Rs.140797.31 crore is the consolidated total of Project Expenditure on completed and ongoing projects as reflected in the books of PIUs. The matter relating to format of accounts, treatment of CWIP and charging of depreciation thereon with host of other issues raised by C&AG during audit of FY 2013-14 have been referred to a financial consultant M/s KPMG for advice. A draft report has been received from KPMG which shall be submitted to MoRTH for decision in consultation with C&AG. The directions given thereafter by MoRTH shall be

	implemented by the NHAI.
b) The CWIP of Rs. 140797.31 crore as disclosed in the Balance Sheet could not be verified in the absence of project-wise details of expenditure on ongoing as well as completed projects.	b) Rs. 140797.31 is the consolidated total of CWIP as reflected in the books of accounts of PIUs. Soft copy of calculation (excel sheet) has already been given to audit. This data is available in the e-PFMS and the audit has been provided with login ID and view password for viewing all the accounting information (unit wise as well as consolidated) that have been used in finalization of accounts.
c) The entire amount of borrowing cost of Rs 1780.87 crore for the year 2014-15 has been booked under 'CWIP'. This includes borrowing cost in respect of completedprojects, which cannot be quantified in absence of non-maintenance of project wise details with respect to ongoing and completed projects. This is in contravention to generally accepted accounting principles and NHAI's Accounting Policy No. 6.2. As the Authority did not maintain records in respect of utilization of project-wise borrowed funds, correctness of the total borrowing costs allocated to complete and incomplete projects till date also could not be verified in Audit.	c) The treatment given to borrowing cost is correct and in line with the accounting policy 7 of Authority. Only project specific borrowing cost, as in the case of Surat- Manor project, is treated as part of project cost till its completion. Cost of other borrowings, which are not project specific, as per accounting policy, are added to Capital work in progress. Accounting policy 6.2 refers to borrowing cost in respect of project specific borrowings and this policy is duly being observed.
d) Allocation of 'Net establishment expenses for the year' amounting to Rs. 206.43 crore to CWIP is also against generally accepted accounting principles as this is revenue expenditure and entire amount should not be allocated to CWIP. Proportionate amount related to completed projects is not a part of CWIP and should not be capitalized. In the absence of project wise details of expenditure, Audit has been unable to quantify the impact of such incorrect booking.	d) Since the NHAI is only the Executing Agency and is not carrying on any business or commercial activity, the NHAI is rightly capitalising all the establishment expenditure. This is also the practice followed by NHAI since inception. Establishment expenditure incurred is not limited to under implementation projects and is required for completed projects also. Hence allocation of Net establishment expenses to CWIP is correct and as per accounting policyNo.7 (i)(c).

e) 'CWIP' includes Rs. 10941.71 crore (excluding cost of land amounting to Rs. 500.06 crore, and borrowing cost & interest expenditure which could not be worked out in the absence of project wise detail of cost) incurred by the Authority on 16 road projects which have been handed over, along with toiling rights, to concessionaire for upgradation of the roads to 6-lanes on BOT basis. Similarly, five other road projects have been transferred to the State Government. Though these projects do not exist with NHAI, no adjustments have been made in the accounts. As verifiable project wise expenditure records are not available, the impact on the financial Statements could not be quantified.	e) The award of a stretch under BOT/PPP to any private Concessionaire does not involve transfer of ownership to them and the ownership still remains with GoI. Hence Cost of 4-lane projects that are executed by NHAI and subsequently possession of which was handed over to Concessionaire for 6-laning on BOT basis has to reflect in NHAI books of accounts; since the ownership of such assets lies with GoI and is not transferred to concessionaire. Only the right to develop the stretch with tolling/ annuity payment rights are transferred to the concessionaire. This is consistently being followed and there is absolutely no violation of any Accounting Principles or Prudent Accounting Practices or any other law. The CAG has also not pointed out any such violation. Thus expenditure on completed project awaiting transfer is not overstated.
f) 'CWIP' includes Rs. 1155.98 crore released by the NHAI to the State Governments for NHDP phase-IV projects on the advice of MoRTH. However, these projects have not been transferred to NHAI. Also, neither any guidelines from MoRTH nor accounting policy of NHAI is in place for accounting treatment of these payments in the books of accounts of NHAI. In the absence of transfer of these projects to NHAI, depiction of amount released to State Government by NHAI, in respect of these projects as CWIP is not correct. This has resulted in overstatement of Fixed assets-CWIP and Current assets and loan & advances by Rs. 1155.98 crore.	f) Release of payments to state governments for NHDP phase –IV projects is made by NHAI on the basis of direction issued by MoRTH vide their letter no. RW/NH/24031/1/2008/PPP (F) dated 10.07.2009. This letter depicts the detailed procedure for sanction and payment and copy of the letter has already been handed over to audit. MoRTH have not issued any guidelines for accounting treatment of such payments. In absence of such guidelines the expenditure has been booked under CWIP.
Apart from the significant matters stated above, other observations are placed as Annexure - I and II to Audit Report.	
For such reasons, we are unable to form an opinion as to whether the financial statements give a true and fair view in conformity with accounting principles generally accepted in India;	

(a) In so far as it related to the Balance Sheet, of the state of affairs of the Authority as at 31st March 2015. (b) In so far as it relates to the Profit and Loss Account, of the excess of expenditure over income transferred to Capital Work in Progress for the year on that date.	
<u>Annexure-I to Audit Report</u> **(A) BALANCE SHEET**	**(A)BALANCESHEET**
(I) SOURCES OF FUNDS **(1) Shareholders' Fund** **Capital U/S 17 (Schedule-I) Capital-Net off Toll Collection, Negative Grant etc. upto 31.03.2010: Rs. 6183.56 crore** The above amount represents Current Liability towards 'Net of Toll Receipts, Maintenance Expenditure over Grant etc. Payable to GoI up to 31.03.2010' which the NHAI has transferred during the year 2012-13 to capital Account u/s 17 of the NHAI Act 1988 without obtaining approval of the Ministry of Finance and Ministry of Road Transport and Highways. The issue was also raised on the accounts for the year 2012-13 and 2013-14 and Authority has taken up the matter in March 2014 for obtaining approval of Ministry of Road Transport and Highways (MoRTH)/ Ministry of Finance (MoF), however, the specific	**(I) SOURCES OF FUNDS** **(1) Shareholders'Fund** **Capital U/S 17 (Schedule-I) Capital- Net off Toll Collection, Negative Grant etc.upto 31.03.2010 : Rs.6183.56 crore** This has already been approved by the Board of Authority as well as MoRTH. Presently the matter is under consideration of Ministry of Finance, Ministry of Finance has raised certain queries which being addressed. If by the end of current financial year the issue could not be resolved, appropriate disclosure shall be made in the annual financial statement of 2015-16 as advised by the audit.

approval/consent of Government of India (GoI) on the same is not yet received. Thus, this fact should have been disclosed in the Notes on Accounts. **(2)Borrowings:** Rs. **24892.85 crore (Schedule-4)** **(2.1)** As per Rule 9 of NHAI Rules 1990, every loan raised by the NHAI not being a loan repayable before the expiration of one year from the date of the loan, the Authority shall set apart a sum half yearly, out of its income in the reserve fund, sufficient to liquidate the loan within a period which shall not in any case exceed thirty years. The NHAI may apply the whole or any part of the sums accumulated in any reserve fund in or towards the discharge of the loan liability for the repayment of which the fund has been established. Provided that Authority pays into the fund each year, and accumulated until the whole of the money borrowed is discharged, a sum equivalent to the interest which would have been produced by the reserve fund or the part of the reserve fund so applied. As on 31 March 2015, an amount of Rs. 24892.85 crore was shown as payable to the bond holders of capital gain tax free bonds-54EC (Rs. 9187.60 crore), tax free redeemable non-convertible bonds (` 15000 crore) and loan from ADB (Rs. 705.25 crore), however, NHAI has not created the reserve funds as per above Rules. This has resulted in non-adherence of the provisions of NHAI Rules 1990.	**(2) Borrowings:** Rs. **24892.85 crore (Schedule-4)** Rule 9 of National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds and Powers to Enter Premises) Rule, 1990 speaks about creation of a reserve fund out of the income of Authority. Since Authority does not have any income, therefore reserve fund cannot be created and the provisions of this rule does not get activated.
(II) APPLICATION OF FUNDS **(1) Fixed Assets-Capital work in progress: (Schedule 5)** **(1.1) Capital Reserve: Rs. 775.41 crore** During the year, the Authority deducted an amount of ` 107.70 crore, as capital reserve from CWIP, without categorizing it into capital or revenue. As per Generally Accepted Accounting Principles, generally, no revenue income is to be	**(II) APPLICATION OF FUNDS** **(1) Fixed Assets-Capital work in progress: (Schedule 5)** **(1.1) CWIP Less Capital Reserve: Rs. 775.41 crore** NHAI is not involved in any business activity and is only an executing agency of GOI, therefore, the amount received by way of encashment of bank guarantee, receipts on accounts of damages from contractor

deducted from capital assets after commissioning/putting to use of an assets. Further, the Authority did not reduce the income from the cost of the respective project. Rather, the income has been added year to year and entire amount reduced from overall amount of CWIP. Thus, the financial statements of Authority have not been prepared on GAAP and Accounting policy no 11 (iii) of the Authority.

concessionaire during execution of project are credited to Capital Reserve. Only those income which are given under accounting policy 11 (i), (ii) & (iii) are recognized as income of the Authority, rest of the receipts which are not payable to Government of India are adjusted with CWIP (as in case of ongoing projects). Authority is following this policy consistently.

(1.2) A test check by Audit in five PIUs revealed that an amount of ` 86.03 crore, as per details given below, has been booked as 'Capital Reserve' without considering the nature of the receipt as Revenue or Capital. Thus, booking of these incomes as Capital Reserve is incorrect as per GAAP.

(Rs. In Crore)

Sl No.	PIU	Damages Recovered/ Negative Cos/ Premium	Annuity not paid to Contractor for delay in Project	Encashment of Bank Guarantee	Funds Collected w.r.t. Pending Arbitration case	Others	Total
1	Rohtak	27.80	--	--	--	--	27.80
2	Lucknow	10.45	--	9.74	2.37	0.17	22.73
3	Dausa	3.86	--	--	--	--	3.86
4	Gorakhpur	--	15.39	--	--	--	15.39
5	Hajipur	--	--	16.25	--	--	16.25

(1.2) As per existing practice, receipts from projects during construction are credited to Capital Reserve and at the time of presentation of project cost in the balance sheet same is deducted from total project expenditure. This is consistently being followed.

	Total	**42.11**	**15.39**	**25.99**	**2.37**	**0.17**	**86.03**

(1.3) Interest on un-utilized capital: Rs. 7565.59 crore

Above includes accrued interest amounting to ` 152.39 crore, during the year on the loan disbursed to 09 subsidiary companies. This interest income has been deducted from CWIP instead of being shown as income in P&L Account. This has resulted in understatement of ‘Capital work-in-progress’ and income for the year by Rs. 152.39 crore.

(1.4) During the year, the Authority treated cost of toll plaza amounting to Rs. 5.77 crore as maintenance of highway and consequently booked as revenue expenditure. This has resulted in understatement of CWIP and Capital by Rs. 5.77 crore.

(1.5) The Authority included Rs. 14.53 crore incurred on account of cost of temporary toll plaza, interest paid to complying with the arbitration award/payment made to supervision consultation during maintenance period under CWIP. This has resulted in overstatement of CWIP and understatement of Loss for the year by Rs. 14.53 crore.

(1.3) As per provisions of National Highways Act 1956, National Highways Rules 1957, NHAI Act 1988, NHAI is only an executing agency of GoI and is not the owner of assets being developed by it. Accordingly, interest received from the loan given by NHAI to SPVs are not income of the Authority. Interest income from the investments/ loans given and interest expenditure on borrowed funds, as per NHAI Accounting Policy 7 (b), are part of total project cost (CWIP) and have accordingly been accounted for in the books.

(1.4) NHAI Accounting Policy No. 8 of NHAI provides as under –

“Expenditure on maintenance of Highways and toll collection, after setting of maintenance grant received from GoI for maintenance of highways is reduced from ploughback of toll remittances and shown as capital (Schedule-I) under additional budgetary support plough-back of toll remittances”.

Accordingly, PIU, as per above policy, has booked the expenditure pertaining to toll plaza under the head maintenance of highways and there

	is no overstatement of maintenance expenditure. **(1.5)** Rs. 6.40 crore has been paid by PIU Durgapur as interest as per arbitration award & rightly charged to CWIP. Out of the balance Rs. 8.13 crore, Rs. 2.98 crore pertains to supervision consultancy for maintenance of highways & a rectification entry has been made by the PIU-Gorakhpur, the balance amount of Rs. 5.15 crore out of Rs. 8.13 crore pertains to supervision consultancy during construction phase & is rightly charged to CWIP.
2. **Investment (Schedule-6): Rs. 1216.25 crore** The above includes investment of Rs. 345.21 crore (PY Rs. 345.21) crore in two subsidiary companies, viz., M/s Moradabad Toll Road Company Limited and M/s Ahmedabad- Vadodara Expressway Company Ltd., wherein the road project and toll collection right have been transferred (in December 2010 and January 2013 respectively), to Concessionaire. In view of this, a provision for diminution in the value of the investments should have been made to the extent of Rs. 345.21 crore. Non provision of the same has resulted in overstatement of investment and understatement of loss for the year by Rs. 345.21 crore. In addition to above, investment (including share application money pending allotment) of Rs. 642.39 crore (PY Rs. 226.60 crore in three subsidiary companies) made in six subsidiary companies, viz., Visakhapatnam Port Road Company Ltd., Cochin Port Road Company Ltd., Paradip Port Road Company Ltd., New Mangalore Port Road Company Ltd., Calcutta Haldia Port Road Company Ltd., and Tuticorin Port Road Company Ltd has diminished in its value due to accumulated losses ranging from 33.92 per cent to 155.56 per cent of the share capital, which resulted in erosion of their net worth. A suitable provision should have been made in the books of accounts as per Accounting Standard-13 after determining the decline in value. The extent of overstatement of investment and understatement of loss thereof could not be quantified by Audit in absence of such determination by the Authority. The	2. **Investment (Schedule-6): Rs. 1216.25 crore** As per format of accounts prescribed by C&AG in 1992, the investment in SPVs are to be shown "At cost". Accordingly the investments in SPVs have been shown at cost with following disclosure-(Note No.16) "The investment of the Authority in various SPVs stand at Rs. 1216.25 crore as on 31st March 2015 and as per the format approved by C&AG the same is shown in schedule 6 at cost".

issue was also raised on the accounts for the year 2012- 13 and 2013-14. However the authority has not taken any corrective action in this regard.	
Current Assets, Loans and Advances (Schedule 7)	**Current Assets, Loans and Advances (Schedule 7)**
3.1 Deposits, Loans and Advances Loan to Subsidiary Companies: Rs. 1691.21 crore Reference is invited to Comment No. A(II)(2) above. Since the road projects as well as toll collection rights have been transferred to the Concessionaire, there is no possibility of recovery of the loan of Rs. 71.49 crore given to these two subsidiary companies, viz., M/s Moradabad Toll Road Company Limited and M/s Ahmedabad-Vadodara Expressway company Ltd. Moreover, the decision of winding up of these two companies has already been taken by the Board of Directors. In the absence of Provision towards the same, 'Loan to Subsidiary Companies' is overstated by Rs. 71.49 crore and 'Loss for the year' is understated to the same extent. The issue was also raised on the accounts for the year 2012-13 and 2013-14. However, the Authority has not taken any corrective action in this regard. **(3.2) Claim recoverable:** Rs. **1638.20 crore:** Above is understated by Rs. 36.33 crore on account of interest accrued during 2014-15 on deferred amount of premium/negative grant of Rs. 553.78 crore. The same has not been accounted for in books of accounts. Non-accounting of interest has also resulted in understatement of Current liabilities and provisions-payable to GoI by Rs. 36.33 crore.	**3.1 Deposits, Loans and Advances Loan to Subsidiary Companies: Rs. 1691.21 crore** It is submitted that in respect of subsidiary companies, which are under the process of winding up, provisions regarding possible loss on account of non/less recovery of loans, if any, shall be made in the year in which a formal application is made to the RoC for winding up. **(3.2**) Receipt of interest from the concessionaires is dependent upon earning of profit by the concessionaires. Clause 28.2 of the Model Concession Agreement states that a sum equal to 50% of profit before tax of the concessionaire, as and when made, shall be earmarked for repayment of revenue short fall loan and interest thereon. Keeping this in view the provision for receipt of interest shall be made in the year in which the concessionaire makes profit as reflected in their respective audited annual statement of accounts.

(3.2.1) Above is understated by Rs. 16.88 crore on account of toll premium for the month of March 2015 recoverable from a contractor. The Authority wrongly credited Rs. 8.44 crore to the above head instead debiting the head by this amount. Thus, this has also resulted in understatement of Current liabilities and provisions premium on BOT toll payable to GoI by Rs.16.88 crore.	**(3.2.1)** This mistake has since been rectified by PIU- Kanpur vide JV no. 2015000001 dated 17.08.2015 and copy of journal voucher made available to audit along with the reply to draft audit report.
(3.2.2) Above is understated by Rs. 56.65 crore on account of claim recoverable from concessionaire on account of increase in user fee due to increase in length of project highways, negative change of scopes, damages, concession fee as per the provisions of the concession agreements, toll remittance payable to GoI and from IDBI bank on account of services provided for redemption of bonds and annual interest payment on bonds for the year 2014-15 in respect of PIUs at Rohtak, Aligarh, Gwalior, Ajmer, Narsinghpur and Kanpur. This has also resulted in understatement of Current Liabilities-payable to GoI by Rs. 54.86 crore and Income by Rs. 1.79 crore.	**(3.2.2) & (3.2.3)** Concerned PIUs have been directed to go through the observations made by audit, examine them in the light of Accounting Policy of NHAI and commitment made to audit in their reply to the half margins and, if required, do the necessary correction during financial year 2015-16. The Headquarter will ensure that proper entries are passed and there is no over or understatement.
(3.2.3) The above includes Rs. 4.47 crore on account of claim of 50 percent share of Independent Engineers recoverable from the concessionaire in respect of PIUs at Aligarh and Indore. As the agreement with the concessionaire has been terminated and recovery of claims is uncertain, suitable provisions should have been made in the books of accounts. Non provisioning of the same has resulted in overstatement of Claims recoverable and understatement of CWIP-Supervision Consultancy by Rs.4.47 crore.	
(3.3) Cash and bank balances- Current account: Rs. 986.91 crore The above does not include Rs. 40.13 crore due to non-accounting of amounts credited by bank on account of encashment of bank guarantees by NHAI and performance security directly deposited by the contractor in the NHAI bank account during the year 2014-15. This has resulted in understatement of Cash and Bank	**(3.3) Cash and bank balances- Current account: Rs. 986.91 crore** In absence of full details like party, transferring bank and particulars of deposit; amount deposited in bank accounts sometimes remain unreconciled. Consistent efforts are made by writing letters to banks concerned so that such unreconciled items are settled quickly and accounted for Amount of Rs. 40.13 crore

balances by Rs. 40.13 crore, profit for the year by Rs. 37.04 crore and Current Liabilities-Performance Security by Rs. 3.09 crore.	credited in bank account before 31.03.2015 has subsequently been accounted for in FY 2015-16 after getting details from bank and copy of vouchers handed over to audit along with the reply to draft comments.
(3.4) Interest accrued and due on **CALA deposits: Rs. 349.75 crore** (i) The above does not include ` 4.14 crore due to non-accounting of interest earned on the CALA joint bank account by two PIUs during the year 2014-15. This has resulted in understatement of Current Loans and Advances by Rs. 4.14 crore each and overstatement of CWIP to the same extent. (ii) The above includes Rs. 2.47 crore which have been accounted for twice in the books of accounts by one PIU viz. Trivandrum. This has resulted in overstatement of Current Assets, Loans and Advances by Rs. 2.47 crore and understatement of CWIP.	**(3.4) Interest accrued and due on CALA deposits: Rs. 349.75 crore** PIUs have been directed to carefully go through the observations of C&AG and pass necessary entries/ rectification entries in their books of accounts. The Headquarter will ensure that proper entries are passed and there is no over or under statement.
4. Current Liabilities and Provisions Current Liabilities (Schedule 8) **Other Liabilities: Rs. 5738.48 crore** This is understated by Rs. 791.02 crore due to non-short provision of liability on account of : (Rs.in Crores).	**4. Current Liabilities and Provisions Current Liabilities (Schedule 8) Other Liabilities:**Rs. 5738.48 crore

a.	Demands raised of CALA for compensation in respect of land acquired	548.58	a.	Provision for payment against the demand raised by CALA is made only after it is approved by the Competent Authority. In case of Chandigarh, Jalpaiguri and Bhubneshwar provision for payment to CALA was made only to the extent it was approved by the Competent Authority NHAI. In case of Ahmedabad the award was under revision. PIU-Ranchi has made provision in July 2015 after the audit observation and copy of JV submitted along with reply.
b.	Payable to contractors concessionaires /consultants in respect of construction work done and certified	67.09	b.	Due to lack of certainty of payment in immediate succeeding months provision was not made.
c.	Positive grant payable to concessionaires	113.32	c.	Payment of positive grants to concessionaire is subject to fulfillment of the provisions of concession Agreement and approval of Competent Authority. However, this has been paid during current financial year.
d.	Payable to Defence Authority with respect to land acquisition	33.21	d.	This pertains to PIU Gwalior, Defence Authorities are not sure about the amount to be claimed from NHAI & the matter is pending with Ministry of Defence (MoD). In absence of any definite demand from MoD, provision for payment was not made.
e.	Payable to on account of diversion of forestland and tree cutting.	2.41	e.	In case of PIU- Chandigarh the matter was under correspondence with DFO, Roop Nagar, Punjab, therefore provision was not made. As regards other PIUs they have been directed to take suitable remedial action during current financial year.
f.	Payable to contractor/ concessionaire on account of withheld amount of Semi-Annuity	14.22	f.	In view of audit observation and after approval of Competent Authority for release of balance amount of annuity, PIU-Gorakhpur has passed necessary entry in its books. Copy of JV no. 2015000165 dated 07.07.2015 has already been submitted by PIU to Audit. PIU-Karaikudi-Has noted the observation
g.	Proportionate semi-annuity accrued to be paid to concessionaires	6.24	g.	PIU-Begusarai, PIU-Ranchi and PIUNarsinghpur all have given assurance to audit for making necessary corrective entries during current financial year. This would further be monitored by HO.
TOTAL		618.65		

This has also resulted in understatement of CWIP by Rs. 612.36 crore and claim recoverable by Rs.0.43 crore and maintenance of highway by Rs. 5.86 crore.

h.	Payable to contractors/ concessionaires in respect of maintenance work done.	1.18	h.	PIUs are being directed to pass necessary entries in the books as per accounting policy of NHAI and this would be further monitored by the HO.
i.	Payable to 54EC capital gain tax free bondholders on account of interest	1.56	i.	Interest payment on allotment of 54EC bonds which is approved by 25/26th April 2015 are included for the purpose of provision & payment of income tax. We are consistently practicing this.
j	Interest accrued on ADB loan	2.64	j.	Interest amounting to Rs. 2.64 crore (approx.), as accrued on the loan till 31.03.2015, could not be provided inadvertently in the books. This has been noted for future.
k	Payable to Consultants for preparation of DPRs and Feasibility report.	0.30	k.	PIU-Dausa in its reply to audit has informed that the payment was subject to full-fillment of certain conditions of agreement, pending which it was felt appropriate not to make provisions during 2014-15.
	Total	**791.02**		

This has also resulted in understatement of CWIP by Rs. 789.84 crore and excess of expenditure of maintenance of highway over maintenance grant received by Rs. 1.18 crore.	In view of above there is no understatement of CWIP, claims recoverable and expenditure on maintenance of highways.

(B) NOTES ON ACCOUNTS (SCHEDULE 19) **(1) Contingent Liability {Note No. 26 (ii)}:** **Rs. 22426.40 crore and Euro 3.50 Lakh.**	**(B) NOTES ON ACCOUNTS (SCHEDULE 19)** **(1) Contingent Liability {Note No. 26 (ii)}:** **Rs. 22426.40 crore and Euro 3.50 Lakh.**
1.1 A test check in five PIUs revealed that above does not include the claims lodged by 640 number of land owners against the Authority in arbitration and legal cases. Amount of claim has not been quantified by the Authority though it is ascertainable as Rs. 33.37 crore in respect of 123 cases of three PIUs.	1.1 There are cases in respect of which liability could not be ascertained immediately; therefore, a separate disclosure has been made under sl. No.28 (ii) of Notes on Accounts.
1.2 Contingent liabilities are understated to the extent of 90 per cent of debts due as on 31-3-2015 given to the concessionaire by the commercial banks. The amount of debts is secured under the provisions of termination clause of concession agreements as per the guidelines of the RBI. In the absence of details, audit is unable to quantify the amount of contingent liabilities. The issue was also raised on the accounts for the year 2012-13 and 2013-14 also but no corrective action has been has been taken by the authority.	1.2 This is a purely hypothetical assumption made by the CAG and is not based on any accounting standard / GAAP or prudent accounting practices or provisions of the MCA or any other Law and it is almost unlikely situation that all the BOT projects would be terminated. Under Notes on Accounts sl.no.26 (ii) Authority has disclosed that in respect of other claims/legal cases liability is not ascertainable at present.
1.3 Reference is invited to Note No. 26(iv) vide which the Authority has disclosed that the total project cost of EPC contracts under implementation as on 31.3.2015 is Rs.29648 crore (PY 15728 crore). However, the Authority did not disclose the amount of 'Capital works remaining to be executed' as on 31.03.2015. The issue was raised on the accounts for the year 2012-13 and 2013-14 also but no corrective action has been taken by the Authority.	1.3 Authority vide notes on Accounts Sl.26 (iv) has disclosed that the total project cost of EPC contracts under implementation as on 31.03.2015 is Rs.29,648 crore
(C) General 1) The Authority, vide note no. 24, on Notes to Accounts has stated that Accounting Standards issued by the ICAI (except for AS 15, 17 and 21) have generally been followed. The Expert advisory committee of the ICAI has also opined that 'it is appropriate to apply accounting standards to the NHAI is preparation of its financial statements'. However, as brought out	**(C) General** **(1) and (2)** Authority generally follows the Accounting Standards which are related to its area of operation. In this regard Notes on Accounts Sl. 24 (a) may be seen, which states- Authority not being a Company registered under the Companies Act, 1956, Accounting Standards are not applicable, however to give a true and fair

in the previous paragraphs, the Authority has deviated from the provisions of Accounting Standards and guidelines issued by the ICAI.	view to the statements of accounts, Accounting Standards, related to the area of operations of the Authority, have generally been followed, only exception being AS-15 (Employee Benefits), AS- 17 (Segment Reporting) and AS-21 (Consolidated Financial Statements).
(2) Note no. 24 (Members' Responsibility) of Note to accounts discloses that Accounting Standard issued by the ICAI is not applicable as the Authority is not registered under Companies Act, 1956, however to give a true and fair view to the statements of accounts, Accounting Standards, related to the area of operation of the Authority, have generally been followed (except AS-15, 17 and 21). The above disclosure is factually incorrect. It is essential to adhere to Accounting Standards, to ensure that full and correct disclosure of financial information is given to Ministry and potential investors. As such, the Accounting Standards issued by the ICAI are applicable to the Authority in toto. Expert advisory committee of the Institute of Chartered Accountants of India has also opined that 'it is appropriate to apply accounting standards to the NHAI in preparation of its financial statements.	Due to unique nature of operation of the Authority (i.e. Executing Agency of GoI and not the owner) Accounting Standards related to capitalization of Highways (AS-10 Accounting for Fixed Assets) and Depreciation accounting (AS-6) and a host of other related Standards do not apply to it. The matter relating to application of Accounting Standards along with host of other issues raised by C&AG during audit of FY 2013-14 have been referred to a financial consultant M/s KPMG for advice. A draft report has been received from KPMG which shall be submitted to MoRTH for decision in consultation with C&AG. The directions given thereafter by MoRTH shall be implemented by the NHAI.
(3) As per 'Statement by the Members of the Board' under the heading 'Other Regulatory and Statutory Disclosures' given in the prospectus for issue to Tax free Secured Redeemable Non-Convertible Bonds issued during 2011-12 of Rs. 10000 crore and in the year 2013-14 of Rs. 5000 crore, the Authority committed that: (i) All monies received out of each Tranche Issue of the Bonds to the public shall be transferred to a separate bank account. (ii) Details of all monies utilized out of each Tranche Issue shall be disclosed the purpose for which such monies were utilized under an appropriate separate head in the Balance Sheet. (iii.) Details of all unutilized monies out of each tranche issue shall be disclosed the form in which such unutilized monies have been invested under an appropriate separate head in the Balance sheet. However, the Authority has not complied with	(3) As per the provisions of Section 18 of NHAI Act, 1988 Authority has a common fund called National Highways Authority of India Fund to which all receipts including borrowed funds are credited. This fact has been adequately disclosed in the Notes on Accounts (Schedule 19) under Members' Responsibility Statement (Sl.24 (f)) - "All receipts of NHAI viz Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Fund and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is being maintained for utilization of NHAI Bond collection proceeds".

any of the aforesaid conditions and only given as general disclosure vide Note No. 26 (f) of Notes on Accounts that "All receipts of NHAI viz Funds received from the Ministry, Market borrowings through issue of NHAI Tax Free Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Accounts is being maintained for utilization of NHAI Bond proceeds." Thus, the above disclosure is deficient and also in violation of the Listing Agreement. The issue was also raised on the accounts for the year 2012-13 and 2013-14 but no corrective action has been taken by the Authority.	
(4) The Authority being a body corporate is to act on 'Business Principles' as per Section 10 of NHAI Act 1988. Further as provided under section 23 of the NHAI Act 1988, the format of annual statement of accounts of NHAI has been duly prescribed by the Government of India in consultation with C&AG of India. As per Schedule 5 (Fixed Assets) of the prescribed formats, one of the sub-heads is 'Roads & Bridges' for which the prescribed rate of depreciation is 5 per cent; however, this sub-head had been left blank since inception in spite of completed road projects of ` 78727.85 crore (including cost of land of ` 8204.22 crore) as on 31 March 2014 (current year's figures not available as the Authority has not segregated the cost of ongoing and completed projects) and the same are depicted at a consolidated figure of ` 140797.31 crore (including cost of land of ` 40859.18 crore) under the head CWIP (Expenditure on completed projects awaiting capitalization/transfer). The approved format also provides that the surplus/deficit in the P&L Account is to be carried to the Balance Sheet; however, the Authority is allocating the deficit in the Profit & Loss Account at the year end to the on-going and completed projects booked under 'Fixed Assets - CWIP'. Thus, the Authority is not following the approved format of 'Annual Statement of	(4) As regards format of accounts, it is submitted that as per rule 6(1)(b) of the NHAI (Budget, Accounts, Audit, Investment of funds and Power to enter Premises) Rules 1990, NHAI is required to prepare annual statement of accounts which shall include the profit and loss accounts and Balance Sheet and such other subsidiary accounts as the Central Government may, in consultation with the Comptroller and Auditor General of India, direct. The format of Annual Statement of Accounts including Profit & Loss account and Balance Sheet being followed by the NHAI has been prescribed by the CAG in the year 1992 and since then the NHAI is consistently following the same format without any deviation/change. So far as Grant-in-aid for Maintenance of Highways and expenditure therefrom is concerned, it is treated as per Accounting Policy No. 8 of NHAI which provides as Under – "Expenditure on maintenance of Highways and toll collection, after setting of maintenance grant received from GoI for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support plough-back of toll remittances". As regards charging of depreciation on National Highways, it is submitted that since NHAI is not the owner of the assets (Highways) being developed by it therefore no depreciation has

Accounts'. Further, as per the format, the Grant-inaid for Maintenance of Highways and expenditure thereon should have been accounted for in Profit and Loss Account; however, the Authority is adjusting the same from Capital Account (Plough back of Toll Remittance, etc.) During the year, NHAI incurred total expenditure on maintenance of highways and toll collection activities of ` 1179.53 crore. Against this, the MoRTH released grant of ` 100.00 crore for maintenance of highways during the year 2014-15. Balance amount of ` 1079.53 crore has been set off against the Shareholder's fund, Thus, this has resulted in understatement of Loss for the year and Shareholder's fund- Capital by ` 1079.53 crore. The issue was raised on the accounts for the year 2012-13 and 2013-14 also but no corrective action has been taken by the Authority. However, during 2014-15, in order to resolve the issue regarding ownership of highways, capitalization of completed stretch of NHs and depreciation thereon, the Authority, sought, through MoRTH, a legal opinion from the Ministry of Law, Justice & Company Affairs. In this regard, the Solicitor General of India opined that NHAI is a merely an executive agency of the Central Government and ownership of the NHs road & bridges are vested in the Government of India. NHAI is not the owner of stretches of NHs developed and maintained by the NHAI. In view of the above, the Audit referred the above matter to an Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India. The EAC opined that if the NHAI is only acting as an executing agency on behalf of the Government and does not exercise any control over the roads/highways and/ or future economic benefits out of such resources do not accrue to the NHAI, then, NHs are not NHAI's assets and accordingly, recognizing these as its assets and recognizing them as 'Capital Work in Progress' in the Annual Report is not correct.	been charged on such highways. As regards opinion of Expert Advisory Committee of ICAI as obtained and referred by CAG, the opinion ICAI is reproduced hereunder – "The committee is of the view that if the NHAI is only acting as an executing agency on behalf of the Government and does not exercise any control over the roads/ highways and/or future economic benefits out of such resources do not arise to the NHAI: then, these are not NHAI's assets and accordingly not recognizing these as its assets as well as not providing depreciation thereon is correct Further, the Committee is of the view that if roads/highways are not the assets of the NHAI, then recognizing them as 'Capital Work in Progress' is also not correct". As regards allocation of deficit in the P&L account at the end of the year to CWIP, it is clarified that the NHAI is only the Executing Agency and is not carrying on any business or commercial activity, the NHAI is rightly capitalising all the establishment expenditure. This is also the practice followed by NHAI since inception. Establishment expenditure incurred is not limited to under implementation projects and is required for completed projects also. Hence allocation of Net establishment expenses to CWIP is correct and as per accounting policyNo.7 (i) (c). NHAI, in view of observation made by audit has appointed M/s KPMG, to study the observations made by C&AG on the annual accounts of the Authority for the year 2013- 14 and the report/ suggestions given by KPMG will be discussed by the MoRTH with CAG and after the concurrence of CAG, the directions given by the MoRTH, will be implemented as and when received.
(5) From the available records of land acquisition of 30 projects, 22 projects were	(5) NHAI has already issued direction vide

<table>
<tr><td>completed during the period from 2004 to September 2014. In these 22 projects NHAI acquired 3087.90 hectares of land, out of which 1997.03 hectares (65 per cent) land has been mutated as on 31.03.2015. However, 1090.87 hectares of land (35 per cent) is yet to be mutated in favour of Central Government. In addition to that, in three out of 22 completed projects, no mutation in favour of Government has been done as on 31.03.2015. The fact regarding non mutation of 1090.86 hectares land, land for Right of Way (ROW) not in use, land under encroachment, disputed land etc. should have been disclosed in the Financial Statements of the Authority by way of a Note in the Notes to Accounts.</td><td>circular no. NHAI/11013/DGM (LA/ Coord)/2012 dated 18.10.2012 for mutation of land in the name of Central Government and submission of monthly progress report. Latest status of mutation of land in respect of 16 states have been given to audit on 21.10.2015.</td></tr>
<tr><td>(6) Corrections carried out at the instance of Audit

On the basis of observations of Audit, the Management carried out corrections in the accounts to the extent of Rs. 149 crore as detailed below:

(Rs. in crore)
<table>
<tr><th>Sl. No.</th><th>Particulars</th><th colspan="2">Inter Head</th><th colspan="2">Intra Head</th></tr>
<tr><th></th><th></th><th>Debit</th><th>Credit</th><th>Debit</th><th>Credit</th></tr>
<tr><td>1</td><td>Assets</td><td>146.66</td><td>5.10</td><td>-</td><td>-</td></tr>
<tr><td>2</td><td>Liabilities</td><td>2.34</td><td>143.60</td><td>-</td><td>-</td></tr>
<tr><td>3</td><td>P & L A/c</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td></td><td>Total</td><td>149.00</td><td>149.00</td><td>-</td><td>-</td></tr>
</table></td><td>(6) Corrections carried out at the instance to Audit

No Comments</td></tr>
<tr><td>Annexure-II to Audit Report</td><td>Annexure-II to Audit Report</td></tr>
<tr><td>1) Internal Audit System
The Internal Audit of the Authority has been outsourced to Chartered Accountants firms. However, the scope of Internal Auditors includes</td><td>1) Internal Audit System
This has been complied with and copy of TOR has been handed over to audit. We have noted to amend the future TOR for internal audit to</td></tr>
</table>

only audit of transactions and accounting entries in respect of efficacy of operations of the Authority and compliance to rules and regulations and does not provide any formal assurance regarding the adequacy and effectiveness of internal control over financial reporting.	include features as suggested by audit.
2) Internal Control System **Internal Control System needs to be strengthened in view of the following:** (a) As per MoRTH guidelines, toll amount collected by contractor/ NHAI should be deposited in Consolidated Fund of India (CFI) within three days. However, during the test check of records, it was noticed that toll amounting to ` 96.10 crore received on 31.03.2014 from the  contractor of Etawah-Chakeri project was deposited in CFI in May 2014. Similarly, toll amounting to ` 16.48 crore received from the contractor in March and April 2014 was deposited by the NHAI in July 2015 in the CFI. (b) Fee Rule 2008, as amended in January 2011 stipulated that after recovery of the capital cost of the public funded projects through user fee realized, fee leviable would be reduced to 40 per cent of the user fee. MoRTH issued (24 January 2013) guidelines on the method of working out of capital cost. As per guidelines, capital cost also includes interest during construction period (IDC). Further, NHAI was also required to prepare the balance sheet and cash flow of each project at the each financial year from April 2013. However, NHAI did not prepare any such project wise balance sheet and cash flow statement. Failures of compliance with the guidelines issued by the MoRTH and non-maintenance of records in respect of project wise allocation of IDC and project-wise balance sheet and cash flow resulted in poor reporting structure, which might lead to inadequate decision making and affect the MoRTH/NHAI's ability to deliver the benefit of reduced rate of user fee to road users. (c) In the books of accounts of NHAI Headquarters, following amounts are lying unreconciled for period ranging from 03 to 12 years, as detailed below	**2) Internal Control System** (a) Premium on BOT toll payable to GOI Etawah-Chakeri project is under PIUKanpur.On the basis of audit observation the fact was verified with PIU-Kanpur. Negative grant amounting to Rs. 16.48 crore pertaining to the month of March and April 2014 has since been deposited by PIU-Kanpur in the dedicated toll account of NHAI vide BPV no. 2015000179 dated 31.07.2015. Copy of voucher already handed over to audit. Instructions have been issued to ROs and PIUs so that the process of remittance of toll is further streamlined. (b) Accounts of Authority are being prepared as per the provisions of National Highways Authority of India Act, 1998 and National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds and Power to Enter-Premises) Rules, 1990 and in the format of accounts prescribed by the MoRTH in consultation with C&AG. We have not received any guidelines from MoRTH for preparation of package wise balance sheet & cash flow statement. (c) The issue of reconciliation of outstanding ledger account under GL Code 4201-Advance Against Deposit Work & GL Code 4202-Advance for Maintenance of Highways has been referred to Internal Auditors and

Sl. No.	Details/ Heads of account	Amount (Rs. in crore)	Reconciliation pending since
(i)	Advance against deposit work for utility shifting, agency charges, D&S charges for ROBs, etc.,	22.29	More than 11 Years
(ii)	Advances given to various Government Departments during the year 2003 to 2008 for maintenance of highway.	100.03	07-12 years
(iii)	Advance against deposit work	36.54	03 years

Issues at (i) and (ii) in the table above were raised on the accounts for the year 2013-14 also but no corrective action has been taken by the Authority.

ROs/PIUs have been asked to reconcile the outstanding balances under various ledger heads and expeditiously settle them.

Internal Auditors have been asked to include ledger reconciliation & settlement of outstanding balances part of their Internal audit report. Copy of directions issued in this regard has been handed over to audit.

The system of reconciliation of old advances needs to be improved.	
d) Utilization Certificates of Rs. 66.10 crore on account of utility shifting/ maintenance of highways etc. are yet to be obtained from various Govt. Departments/Agencies though most of the works have already been executed and some projects have already been completed.	d) Utilization certificate is a continuous process. Every year some old cases are settled and some new cases are added to it. Instruction to all PIUs will once again be issued to see that old matters are expeditiously settled.
3) System of Physical Verification of Fixed Assets Physical verification of fixed assets was not conducted in NHAI Headquarters. **4) System of Physical Verification of Inventory** During test check, it was noticed that there were delays ranging from 1 to 59 days in depositing TDS in two PIUs, i.e., Jaipur and Shimla, of 41 PIUs covered in Audit.	**3) System of Physical Verification of Fixed Assets** Concerned divisions at Headquarter have carried out physical verification of fixed assets. Detailed reports in this regard have been submitted to audit on 05.11.2015 and 12.11.2015 respectively. **4) System of Physical Verification of Inventory** No Comments.
5) Inadequacy of IT systems in NHAI The Authority is preparing 'Project Expenditure Statement (PES)' in e-PFMS in place of Monthly Project Expenditure Statement (MPES), which was being prepared till last year. However, during a test check at three PIUs namely Rae Bareilly, Gorakhpur and Kanpur, it was noticed that there was no improvement with regard to Project wise accounting system in e-PFMS. Total expenditure as shown in the PES does not tally with the total expenditure depicted by comprehensive ledger in e-PFMS. Whereas the total expenditure as per comprehensive ledger under e-PFMS of above three PIUs comes to Rs. 4692.73 crore, the same was depicted as Rs. 5648.38 crore in the PES in e-PFMS/Books of accounts. The PES is also not able to generate head-wise expenditure statement. The issue was also raised on the accounts for the year 2013-14; however, the Authority has not been able to resolve the issue.	**5) Inadequacy of IT systems in NHAI** Due to persistent effort put in, all PIUs have during 2014-15 implemented e-PFMS based accounting. Hence manual intervention has been completely omitted. Finalization of annual accounts has also been made e-PFMS based in the year 2014-15. Comprehensive ledger can be used for retrieval of information under various input combinations. The design of the software is such that it does not pick those expenditure which has been fed into the system without linking it with a Main Activity code. The difference pointed out by audit might be due to this reason and also due to human intervention which used to be there in the previous years. We are continuously exploring the possibility of further requirement based improvement in the software.

REPLY TO AUDIT REPORT ON THE ANNUAL ACCOUNTS OF THEAUTHORITY FOR THE YEAR ENDED 31 MARCH 2014

Audit Report	**Management Reply**
i) We have not been able to obtain all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;	i) All the documents and accounting records requisitioned by audit were made available to audit. In all 13 requisition seeking records and information were issued by the CAG team during the audit of accounts for the year 2013-14 and all there questioned records and documents were made available to the audit promptly. In addition to this audit has also been provided with "view" facility to access all accounting record. The audit had also issued 18 half margins and replies to all the half margins were also given promptly. The compliance as stated aforesaid has also been acknowledged by the audit vide its draft comments on accounts of NHAI for the year 2013-14 conveyed vide their letter No. RAP/NHAI/Annual Accounts (2013-14)/3-2/14-147 dated 2/9/2014. During the course of the audit there has been no reference/compliant by the CAG team that the requisitioned information and explanations were not made available to them.
ii) The Balance Sheet and Profit and Loss Account dealt with by this report have not been drawn up in the format approved by the Government of India under Section 34(2)(g) of NHAI Act, 1988 and Rule 6(l)(b) of NHAI Rules 1990.	ii) As per rule 6 (1)(b) of the NHAI (Budget, Accounts, Audit, Investment of funds and Power to enter Premises) Rules 1990 NHAI is required to prepare annual statement of accounts which shall include the profit and loss accounts and Balance Sheet and such other subsidiary accounts as the Central Government may, in consultation with the Comptroller and Auditor General of India, direct. The format of Annual Statement of Accounts including Profit & Loss account and Balance Sheet being followed by the NHAI has been prescribed by the CAG in the year 1992 and since then the NHAI is consistently following the same format without any deviation/change. This has also been confirmed by the CAG vide their letter No. RAP/NHAI/Annual Accounts(2013- 14)/3-2/14-147 dated 2/9/2014.

iii. We have serious reservations regarding the maintenance of proper books of accounts and other relevant records by the Authority in so far as it appears from our examination of such books as enumerated below:	iii) Section 23 read with section 34 (2) (g) of the NHAI Act 1988 prescribes that the accounts of the authority shall be maintained in the manner as may be prescribed, in consultation with the Comptroller & Auditor General of India. The NHAI since its inception is maintaining its books of accounts and relevant records in the same manner. This has also been admitted by the CAG vide their letter No. RAP/NHAI/Annual Accounts (2013-14)/3-2/14-147 dated2/9/2014. NHAI is maintaining the same books and C & AG Audit till last year have certified that proper books of accounts and other relevant records, as required under section 34 (2) (g) of NHAI Act, 1988 have been maintained by the Authority.
a) The CWIP1 of **Rs.** 123064.82 crore as disclosed in the Balance Sheet could not be verified in the absence of project-wise details of expenditure on ongoing projects.	a) The CWIP is the consolidated total of figures under the ledger head CWIP of all PIUs, most of which have been audited by C & AG on annual basis. Details of project wise expenditure are maintained at PIUs and are always available. Besides C&AG has also been provided with "view" access to e- PFMS, through which CAG had access to complete data. CAG was at complete liberty to effect any extent of verification required by them.
b) The borrowing cost of Rs. 1413.20 crore for the year 2013-14 includes Rs. 904.45crore booked under 'Expenditure on Completed Projects Awaiting Capitalization Transfer'. This is in contravention to generally accepted accounting principles and NHAI's Accounting Policy No. 6.2. As the Authority did not maintain records in respect of utilization of project-wise borrowed funds, correctness of the total borrowing costs allocated to completed and incomplete projects till date also could not be verified in Audit.	b) Except for the ADB loan taken for Surat- Manor toll way project, all other borrowings of NHAI are not project specific. As per Sub Section (b) of Section 18 of NHAI Act, 1988 all funds received by NHAI including all loans / borrowings are required to be credited to NHAI fund. NHAI has full record of all receipts and payments and these were produced as and when requisitioned by CAG. Awaiting decision of GoI, Rs.1413.20 crore has been apportioned in the ratio of 64:36 percent between completed and ongoing projects. Further, even on completed projects pending payments on account of pending disputes or variations do still outstand on which NHAI may be required to make payments, which value is currently unascertainable. Even if CAG's contention were to be accepted in to, the only impact is re-allocation of certain parts of the expenditure between the completed and ongoing projects. With complete access to project-wise data via PFMS, Audit is incorrect in contending of they not being able to verify correctness of the total borrowing cost.

c) Allocation of 'Net establishment expenses for the year' to completed projects is also against generally accepted accounting principles as this is revenue expenditure and should not be allocated to completed projects. In the absence of project wise details of expenditure, Audit has been unable to quantity the impact of such incorrect booking.	c) It is clarified that NHAI is merely an Executing Agency of the Government of India as defined in Rule 2(d)(ib) of the NHAI Rules 1957 and as such does not have ownership of National Highways Roads & Bridges. The ownership of National Highways, as per Section 4 of the NH Act 1956, vests in the Union of India. All the expenditure incurred by the NHAI for development and maintenance of National Highways entrusted to it by the GOI are incurred out of funds provided by the GOI.
	Since the NHAI is only the Executing Agency and is not carrying on any in any business or commercial activity, the NHAI is rightly capitalizing all the establishment expenditure This is also the practice followed by NHAI since inception. Establishment expenditure incurred is not limited to under implementation projects and is required for completed projects also. Hence allocation of Net establishment expenses for the year for all projects which has also been a practice accepted by CAG earlier cannot be faulted.
d) Expenditure on completed projects awaiting capitalization/transfer' includes costs incurred by the Authority on 16 road projects which have been handed over, along with tolling rights, to concessionaires for upgradation of the roads to 6-lanes on BOT basis. Similarly, five other road projects have been transferred to the State Governments. Though these projects do not exist with NHAI, no adjustments have been made in the accounts. As verifiable project wise expenditure records are not available, the impact on the Financial Statements could not be quantified.	d) The award of a stretch under BOT/PPP to any private Concessionaire does not involve transfer of ownership to them and the ownership still remains with GoI. Hence Cost of 4-lane projects that are executed by NHAI and subsequently possession of which was handed over to Concessionaire for 6-laning on BOT basis has to reflect in NHAI books of accounts; since the ownership of such assets lies with GoI and is not transferred to concessionaire. Only the right to develop the stretch with tolling/ annuity payment rights are transferred to the concessionaire. This is consistently being followed and there is absolutely no violation of any Accounting Principles or Prudent Accounting Practices or any other law. The CAG has also not pointed out any such violation. Thus expenditure on completed project awaiting transfer is not overstated.

e) The Authority became operational in 1995, as at Balance Sheet date NHAI has disclosed an expenditure of Rs. 78727.85 crore as having been incurred on completed Highway projects. Though the said stretches of National Highways are already completed and are being used by the general public but the same have not yet been capitalized and no depreciation is being charged, which is against the generally accepted accounting principles and their own Accounting Policy No. 6.3. The total amount of depreciation which has remained to be charged, from the date the asset was entitled to	e) Decision on capitalization of Highways, Roads and Bridges is to be taken by Government of India and this has been adequately disclosed under item 7(i) of Significant Accounting Policies (Schedule 18). The issue of ownership and capitalization of the completed road projects and charging of depreciation thereon was referred to the Ministry of Legal Affairs, GOI through the Ministry of Road Transport & Highways and it has been opined that
be capitalized, could not be worked out in the absence of details such as date of completion, amount booked for each project etc. As such, we are unable to quantify the amount by which the assets are overstated and loss for the year is understated.	"*NHAI is merely an executive agency of the Central Government and it does not have the ownership of national highways, roads and bridges, since the same are vested in the Central Government. Interpretation of sections of the NHAI Act, 1988, NH Act 1956, National Highways Rules 1957, the Control of National Highways (Land & Traffic), Act 2002, Income Tax Act 1961 and keeping in mind the general principles of law and the judgement of the Hon'ble Bombay High Court, it is legally not tenable for NHAI to capitalize the completed highways and claim depreciation thereon as the land is not owned by the NHAI but by the Central Government*". NHAI has also obtained opinion in this regard from 2 reputed CA firms viz., m/s GSA & Associates(whose partner Sh. Amarjit Chopra is ex-President of ICAI) and M/s Luthra & Luthra and M/s M.V.Kini, a legal firm. All the three firms have also opined accordingly.

	M/s GSA & Associates, Chartered Accountants, has opined by making reference to National Highways Act 1956 that NHAI is only the executing agency of Government of India and the ownership of the highways vests in the Union of India. NHAI should not capitalize the same in its books of accounts and also NHAI is not required to charge the depreciation on the highways. It has also been further opined that since NHAI is not carrying out any commercial, industrial or business activities, accounting standards would not be applicable to it. M/s Luthra & Luthra, Chartered Accountants, has also by making reference to the NHAI Act 1988, accounting standards etc. has opined that the expenditure incurred by the NHAI on development and maintenance of roads, bridges and highways does not qualify to be capitalized as fixed assets in the books of NHAI and also NHAI is not entitled to claim depreciation on these assets owned by the Central Government.
and fair view in conformity with accounting principles generally accepted in India; (a) In so far as it related to the Balance Sheet, of the state of affairs of the Authority as at 31 March 2014. (b) In so far as it relates to the Profit and Loss Account, of the excess of expenditure over income transferred to Capital Work in progress for the year ended on that date.	M/s. M.V. Kini & Co. Law Firm, has by making reference to the National Highways Act 1956, NH Act 1988 and various judicial pronouncements has opined that it cannot be said that NHAI owns the national highways entrusted to it by the Central Government u/s 11of NH Act 1988. It has also been opined that since NHAI is not the owner of national highways. It cannot Claim depreciation onthe national highways. Further depreciation is charged on any asset to create a sinking fund which can be used to replenish such asset when its useful life is over. In the case of national Highways these have to be maintained regularly to have infinite life. Hence charging of depreciation becomes. Keeping in view the legal position and facts stated above, the contention of audit that they are unable to form an opinion as to whether the financial statements give a true and fair view in conformity with accounting principles generally accepted in India is without any justification. Audit on the basis of same records have certified the accounts since inception and every year they have opined that proper books of accounts and other relevant records have been maintained by the Authority as required under section 34(2)(g) of NHAI Act, 1988. The provisions of the relevant acts give the Central Government alone the power to

	prescribe the manner in which NHAI has to maintain its books of accounts. Satisfaction of this has been confirmed by the Central Government to CAG. Without advising and convincing the Central Government to issue the necessary directions to NHAI to adopt changes in the manner in which NHAI has to maintain its book of accounts, CAG has without any authority provided this certification.
Annexure-I to Audit Report **(A) BALANCE SHEET** **(I) SOURCES OF FUNDS** **(1) Shareholders' Fund Capital U/S 17 (Schedule-I)** **Capital- Net off Toll Collection, Negative Grant etc. upto 31.03.2010 : Rs.6183.56 crore** The above amount represents Current Liability towards 'Net off Toll Receipts, Maintenance Expenditure over Grant etc. payable to GoI up to 31.03.2010' which the NHAI has transferred during the year2012-13 to CapitalAccount U/S 17 of the NHAI Act without obtaining approval of the Ministry of Finance and Ministry of Road Transport and Highways. The issue was also raised on the accounts for the year 2012-13 and the Authority has taken up the matter in March 2014 for obtaining approval of Ministry of Road Transport and Highways (MoRTH)/Ministry of Finance (MoF), however, the specific approval/consent of Government of India (Gol) on the same is not yet received. Thus, this fact should have been disclosed in the Notes on Accounts.	**Annexure-I to Audit Report** **(A)BALANCE SHEET** **(I) SOURCES OF FUNDS** **(1) Shareholders'Fund** **Capital U/S 17 (Schedule-I) Capital- Net off Toll Collection, Negative Grant etc. upto 31.03.2010 :** Rs.**6183.56 crore** This was approved by the NHAI Board while approving the Annual Accounts of Authority for 2012-13 through circulation. MoRTH has already accepted this proposal and has recommended the matter to MoF for approval.
(II) APPLICATION -OF FUNDS	**(II) APPLICATION - OF FUNDS Fixed Assets (Schedule 5)**

. **CWIP Less Capital Reserve :Rs. 667.71 crore)** The above represent the amount collected/received by the NHAI on account of encashment of bank guarantee and damages recovered from contractor/concessionaire in case of their default; amount received from third parties on account of income, interest on income tax, refund, etc. which are not payable to the Government. These incomes have been booked under the above head without identifying its nature, viz., revenue or capital. During the year, the Authority has deducted the amount proportionately from the cost of completed project as well as the projects in progress as on 31 March 2014. As the amount recovered in respect of completed projects could not be identified, the proportionate deduction of an amount of Rs. 99.88 crore from the completed project is not correct and it should have been credit to Profit and Loss Account. This is in violation of Accounting Standard - 10. This has resulted in understatement of CWIP by Rs. 99.88 crore and consequent understatement of 'Other Income' to the same extent.	1. **CWIP Less Capital Reserve :Rs. 667.71 crore)** Amount received from any project during its construction period after proper identification thereof is credited to the head Capital Reserve and at the year-end it is transferred to Capital Work in Progress. This is consistently being done and has been all through accepted by the C & AG. This is on the basis of current accounting policy, past practices and unique nature of activities of NHAI and the fact that NHAI is the executing agency of the GoI and is not carrying on any commercial or business activity.
2. **Investment (Schedule-6): Rs. 1209.03crore** The above includes investment in two subsidiary companies, viz, M/s Moradabad Toll Road Company Limited and M/s Ahmedabad Vadodara Expressway Company Ltd., of Rs.345.21crore (PY Rs. 345.21 crore), wherein the road project and toll collection right have been transferred in December 2010 and January 2013, respectively, to Concessionaires for upgradation. In view of this, a provision for diminution in the value of the investments should have been made to the extent of Rs. 345.21 crore. This has resulted in overstatement of investment and understatement of loss for the	2. **Investments (Schedule -6): Rs. 1209.03crore** The investments in subsidiary companies is required to be shown "at cost" as per the format of annual statement of accounts prescribed by the Central Government. As desired by Secretary, MoRTH, in the meeting held on 22.07.2014 where Principal Director, Commercial Audit was also present,proposal for amendment/modification in the format of annual statement of account has been submitted to MoRTH on 11.09.2014, copy of which has also been marked to audit. This format proposes to show investment in SPVs "at cost" or "book value" whichever is less. If approved by MoRTH the revised format would be adopted.

year to the extent of Rs. 345.21 crore. In addition to above, investment (including share application money pending allotment) of Rs.226.60 crore (PYRs.226.60 crore) made in three subsidiary companies, viz. Visakhapatnam Port Road Company Ltd. Cochin Port Company Ltd. and Paradip Port Road Company Ltd., has diminished in its value due to accumulated losses, which resulted in erosion of more than 50 percent of their net worth. A suitable provision should have been made in the books of accounts as per AccountingStandard-13 after determining the decline in value. The extent of overstatement of investment and understatement of loss thereof could not be quantified by Audit in absence of such determination by the Authority. The issue was also raised on the accounts for the year 2012- 13 and the Management had admitted the fact in their reply to the Para (A)(II)(5) of Audit Report published for the year 2012-13 and stated that this would be reviewed at the time of next year balance sheet: however no corrective has been taken by the Authority.	
Current Assets, Loans and Advances (Schedule 7)	**Current Assets, Loans and Advances (Schedule 7)**
3.1 Deposits, Loans and Advances Loan to Subsidiary Companies: Rs. **1529.84 crore**	**3.1 Deposits, Loans and Advances Loan to Subsidiary Companies:**Rs. **1529.84 crore**

Reference is invited to Comment No. A(II)(2) above. Since the road projects as well as toll collection rights have been transferred to the Concessionaire, there is no possibility of recovery of the loan of Rs.69.47 crore given to these two subsidiary companies, viz., M/s Moradabad Toll Road Company Limited and M/s Ahmedabad-Vadodara Expressway Company Ltd. Moreover, the decision of winding up of these two companies has already been taken by the Board of Directors. In the absence of provision towards the same, 'Loan to Subsidiary Companies' is overstated by Rs. 69.47 crore and 'Loss for the year' is understated to the same extent. The issue was raised on the accounts for the year 2012-13 also and the Management had admitted the fact in their reply to the Para (A) (II) (6.3) of Audit Report published for the year2012-13 and stated that this would be reviewed at the time of next year balance sheet; however, no corrective action has been taken by the Authority.	Though the decision to wind up the companies has been taken by the board of the respective companies but till date no further steps like making winding up application to RoC has been taken. Provisions regarding possible loss on account of non/less recovery of loans, if any, shall be made in the year in which a formal application is made to the RoC for winding up. Once such application is made to RoC necessary accounting adjustments will be made in the books of accounts. The less recovery of loans, if any, from these two SPVs shall be treated as capital loss/expenditure and shall added to CWIP since the amount has been spent on the development of highways entrusted to these SPVs.
3.2 Interest accrued and due on CALA deposits: Rs. **252.26 crore** This is understated	**3.2 Interest accrued and due on CALA deposits:** Rs. **252.26 crore**
by Rs. 4.5l crore due to non-accounting of interest earned on the CALA joint bank account during the year 2013-14. This has also resulted in understatement of Reserve and Surplus and corresponding overstatement of CWIP by Rs. 4.51 crore	Elaborate instructions, as to how, the interest earned on the amount deposited with CALA, is to be accounted for and remitted to HQ have already been issued. It may be noted that out of 130 units only 3 units have made this mistake. These units will further be instructed to scrupulously follow the instructions.
4. Current Liabilities and Provisions Current Liabilities (Schedule 8)Other Liabilities: Rs. **5693.26 crore** This is understated by Rs. 618.65 crore due to non-short provision of liability on account	**4. Current Liabilities and Provisions Current Liabilities (Schedule 8) Other Liabilities:**Rs. **5693.26 crore**

of : (Rs.in Crores)				
a.	Demands raised of CALA for compensation in respect of land acquired	324.52	a.	Provision for payment against the demand raised by CALA is made only after it is approved by the Competent Authority NHAI and in these cases the approval of Competent Authority was under process.
b.	Proportionate semi-annuity accrued to be paid to concessionaires	106.12	b.	Due to lack of certainty of payment in immediate succeeding months provision was not made.
c.	Payable to contractors concessionaires /consultants in respect of construction work done and certified	57.52	c.	Due to lack of certainty of payment in immediate succeeding months provision was not made.
d.	Positive grant payable to concessionaires	54.11	d.	Payment of positive grants to concessionaire is subject to fulfillment of the provisions of concession Agreement and approval of Competent Authority. However, this has been paid during current financial year.
e.	Payable to Defence Authority with respect to land acquisition	33.21	e.	Defence Authorities are not sure about the amount to be claimed from NHAI & the matter is pending with Ministry of Defence(MoD). In absence of any definite demand from MoD, provision for payment was not made.
f.	Payable to Forest Department of MP on account of diversion of forest land	2.59	f.	At the time of finalization of accounts by the PIU, the payment was pending for approval of the Competent Authority, therefore, provision was not made.
g.	Payable to contractors in respect of works got done but payments withheld for want of approval of Competent Authority for variations in BOQ.	34.29		
h.	Payable to contractors concessionaires in respect of	6.29		

	maintenance work done		g. By audit's own admission these payments have not been approved by Competent Authority therefore provision for payment as not been made. h. During current financial year, this will be further streamlined. In view of above there is no understatement of CWIP, claims recoverable and expenditure on maintenance of highways.
TOTAL		618.65	
This has also resulted in understatement of CWIP by Rs. 612.36 crore and claim recoverable by Rs.0.43 crore and maintenance of highway by Rs. 5.86 crore.			

(B)NOTES ON ACCOUNTS **(SCHEDULE 19)** **(1) Contingent Liability {Note No. 28 (ii)}:** Rs. **20952.42 crore**	**(B) NOTES ON ACCOUNTS** **(SCHEDULE 19)** **(1) Contingent Liability {Note No. 28 (ii)}:** Rs. **20952.42 crore**
1.1 Above is understated by Rs. 128.78 crore due to non-inclusion of claims against the Authority in arbitration and legal cases.	1.1 There are cases in respect of which liability could not be ascertained immediately; therefore, a separate disclosure has been made under sl. No.28 (ii) of Notes on Accounts.

1.2 Contingent liabilities are understated to the extent of 90 per cent of debts due as on 31-3-2014 given to the concessionaire by the commercial banks. The amount of debts is secured under the provisions of termination clause of concession agreements as per the guidelines of the RBI. In the absence of details, audit is unable to quantify the amount of contingent liabilities .The issue was also raised on the accounts for the year 2012-13 and the Management in their reply to the Para (B)(1.2) of Audit Report published for the year 2012-13 stated that liability is not ascertainable at present; however, the Authority has not taken any corrective action and could not workout the reasonable estimate in the year2013-14 also.	1.2 This is a purely hypothetical assumption made by the CAG and is not based on any accounting standard / GAAP or prudent accounting practices or provisions of the MCA or any other Law and it is almost unlikely situation that all the BOT projects would be terminated. Under Notes on Accounts sl.no.28 (ii) Authority has disclosed that in respect of other claims/legal cases liability is not ascertainable at present.
1.3 Reference is invited to Note No. 28(iv)vide which the Authority has disclosed that the total project cost of EPC contracts under implementation as on31.3.2014 is Rs.15728 crore. However, the Authority did not disclose the amount of 'Capital works remaining to be executed' as on 31.03.2014.The issue was raised on the accounts for the year 2012-13 also but no corrective action has been taken by the Authority.	1.3 Authority vide notes on Accounts Sl.28(iv) has disclosed that the total project cost of EPC contracts under implementation as on 31.03.2014 is Rs.15,728 crore
(C) General 1) The Authority vide Note No. 26 (a) of Notes on Accounts has stated that Accounting Standards issued by the ICAI (except for AS 15, 17 and 21) have generally been followed. However, as brought out in the previous paragraphs, the Authority has deviated from the provisions of Accounting Standards and guidelines issued by the Institute of Chartered Accountant of India.	**(C) General** 1) As per notes & accounts (schedule 19).Authority is not a Company registered under the Companies Act, 1956 and as such Accounting Standards are not applicable to it. However to arrive at a true and fair view to the statements of accounts, Accounting Standards related to the area of operations of the Authority have generally been followed. As per the guidelines issued by the Institute of Chartered Accountants of India (ICAI), if no part of the activities of an entity is commercial, industrial or business, Accounting Standards are not applicable. M/s GSA & Associates, Chartered Accountants have also opined that since NHAI is not carrying out any commercial, industrial or business activities, accounting standards would not be applicable to it. Moreover, at the time of prescribing the

	format of annual statements of accounts for NHAI, CAG did not stipulate that Accounting Standards are to be followed by NHAI.

(2) As per 'Statement by the Members of the Board' under the heading 'Other Regulatory and Statutory Disclosures' given in the prospectus for issue to Tax free Secured Redeemable Non-Convertible Bonds issued during 2011-12 of Rs. 10000 crore and in the year 2013-14 of Rs. 5000 crore, the Authority committed that: i. All monies received out of each Tranche Issue of the Bonds to the public shall be transferred to a separate bank account. ii. Details of all monies utilized out of each Tranche Issue shall be disclosed the purpose for which such monies were utilized under an appropriate separate head in the Balance Sheet. iii. Details of all unutilized monies out of each tranche issue shall be disclosed the form in which such unutilized monies have been invested under an appropriate separate head in the Balance sheet. However, the Authority has not complied with any of the aforesaid conditions and only given as general disclosure vide Note No. 26 (f) of Notes on Accounts that "All receipts of NHAI viz Funds received from the Ministry, Market borrowings through issue of NHAI Tax Free Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Accounts is being maintained for utilization of NHAI Bond proceeds." Thus, the above disclosure is deficient and also in violation of the Listing Agreement. The issue was also raised on the accounts for the year 2012-13 but no corrective action has been taken by the Authority.	(2) The offer document under which the amounts were invited for subscription from the public explicitly stated that the issue proceeds are to be utilized to part finance ongoing and future projects of NHAI. The funds so procured from the public were kept in separate bank deposits and as and when required was encashed and used to fund the NHDP and other projects as approved by the GoI and the incurring of expenditure is reflected under CWIP. As per the provisions of Section 18 of NHAI Act, 1988 Authority has a common fund called National Highways of India Fund to which all receipts including borrowed funds are credited. Hence at the time of receipt of Bond funds and on en- cashing of deposits in which these funds were kept, such amounts had to be pooled into the said NHAI fund. This fact has been adequately disclosed in the Notes on Accounts (Schedule 19) under Members' Responsibility Statement (Sl.26 (f)) as stated by audit. This is continuing since 2011- 12. BSE/NSE/SEBI and any investor has never objected to it.
(3) The Authority being a body corporate is to act on 'Business Principles' as per Section 10 of NHAI Act 1988. Further as provided under section 23 of the NHAI Act 1988, the format of annual statement of accounts of	(3) NHAI is following the format of accounts approved by C&AG and there is no deviation whatsoever. As regards acting on 'business principle' as per Section 10 of NHAI Act, s.10 of NHAI Act, 1988 states that " In the discharge

NHAI have been duly prescribed by the Government of India in consultation with C&AG of India. As per Schedule 5 (Fixed Assets) of the prescribed format, one of the sub-heads is 'Roads & Bridges' for which the prescribed rate of depreciation is 5 percent; however, this sub-head had been left bank since inception in spite of completed road project of Rs. 78727.85 crore (including cost of land of Rs. 8204.22 crore) as on 31 March 2014 and the same are depicted under the head CWIP (Expenditure on completed projects awaiting capitalization/transfer) and no depreciation is provided even after the completion of the road projects, which is not in consonance with the approved format. The approved format also provides that the surplus/deficit in the P&L account is to be carried to the Balance Sheet; however, the Authority is allocating the deficit in the Profit & Loss Account at the year end to the on-going and completed project booked under 'Fixed Assets – CWIP'. Further, as per the format, the Grant-in-aid for Maintenance of Highways and expenditure thereon should have been accounted for in Profit and Loss Account; however, the Authority is adjusting the same from Capital Account (Plough back of Toll Remittance, etc.) Thus, the Authority is not following the approved format of 'Annual Statement of Accounts' resultantly, the Profit and Loss Account/Financial Statements do not disclose the income of expenditure of the Authority. The issue was raised on the accounts for the year 2012-13 also and the Management in their reply to the Para (C)(3) of Audit Report published for the year 2012-13 sated that treatment of depreciation and surplus/deficit are consistently being followed. The reply is not tenable as during last 19 years the MoRTH/Authority has failed to take a decision on transfer or road projects (Fixed Assets) which has been entrusted to Authority by the GoI for development/upgradation.	of its functions under this Act, the Authority shall act, so far as may be, on business principles." Hence NHAI being required to act on "business principles" in the discharge of it's functions, a restriction has been placed with the addition of the phrase "so far as may be". Further the term Business Principles implies that NHAI has to follow double entry system of accounting as well as accrual (mercantile) system of accounting. NHAI is indeed following double entry system of accounting as well as accrual (mercantile) system of accounting and as such business principle of accounting are duly followed. The format prescribed by C&AG is one more suitable for manufacturing concerns since it has schedules and annexures requiring entries also towards Inventory, Book Debt, etc . Since NHAI is an executing agency of GoI and not a manufacturing company, the current format prescribed by C&AG is not fully relevant to the unique nature of activities of NHAI. The depreciation column under roads and bridges is left blank as the NHAI is not the owner of the highways developed by it and also do not have the mandate to capitalize the assets and charge depreciation in its books. This has also been confirmed by the opinion given by the Department of Legal Affairs, GOI on a reference made by the MORTH on the matter pertaining to ownership and capitalization of completed road projects and charging of depreciation thereon as also clarified above in reply to iii(e) The Authority is rightly transferring the deficit in P&L account to CWIP as the Authority is only engaged in development and maintenance of national highways entrusted to it and the fact that NHAI is only the executing agency of GoI. The Authority is not engaged in any business or commercial activity and as such is not making any profit or loss.

(4) On the basis of Gazette notification dated 09.01.2013, 26.02.2013 and 25.06.2013 the Authority has taken over the toll collection right of the three road projects of its SPVs (NHAI's subsidiary companies). The amount collected from these SPVs is deposited in consolidated Fund of India as done in toll income of other NH public funded projects/annuity projects, which is being received back on account of Plough back of toll collection from GoI. Thus, this fact should have been disclosed in Notes on Accounts.	(4) The EC of NHAI in its 130th held on 20.12.2012 has approved that the user fee being collected by SPVs and deposited into CFI shall be paid back to the respective SPVs or may be adjusted against the amount of loan advanced to them. This fact, as per suggestion of audit, shall be disclosed in the notes on accounts of next balance sheet.
(5) From the available records of land acquisition of 60 projects, 27 projects were completed during the period from 2004 to 2014. In these 27 projects NHAI acquired 5563.18 hectares of land at a cost of Rs. 1182.58 crore, out of which 2676.80 hectares (48 per cent) land has been mutated as on 31.03.2014. 2886.38 hectares of land (52 per cent) is yet to be mutated in favour of Central Government. The fact regarding land mutated/yet to be mutated, land for right of way (ROW) not in use, land under encroachment, disputed land etc. should have been disclosed in Notes on Account.	(5) NHAI has already issued direction vide circular no. NHAI/11013/DGM (LA/Coord)/2012 dated 18.10.2012 for mutation of land in the name of Central Government and submission of monthly progress report. Since the raising of this observation by the C&AG, mutation details in respect of various stretches of land has been made available to audit.
(6) Corrections carried out at the instance of Audit On the basis of observations of Audit, the Management carried out corrections in the accounts to the extent of Rs. 451.12 crore as detailed below: (Rs. in crore)	6) No Comments

Sl.	Particul	Inter Head	Intra Head

No.	ars	Debit	Credit	Debit	Credit
1	Assets	449.69	9018	1.10	1.10
2	Liabilities	0.28	440.84	-	-
3	P & L A/c	0.05	-		
	Total	**450.02**	**450.02**	**1.10**	**1.10**

Annexure-II to Audit Report	**Annexure-II to Audit Report**
1) Internal Audit System The Internal Audit of the Authority has been outsourced to Chartered Accountants firms. However, the scope of Internal Auditors includes only audit of transactions and accounting entries in respect of efficacy of operations of the Authority and compliance to rules and regulations and does not provide any formal assurance regarding the adequacy and effectiveness of internal control over financial reporting.	**1) Internal Audit System** This has been complied with and copy of TOR has been handed over to audit. We have noted to amend the future TOR for internal audit to include features as suggested by audit.
2) Internal Control System Internal Control System needs to be strengthened in view of the following: a) The Authority in the year 2012-13 detected a fraudulent withdrawal of Rs. 1.06 crore from the bank accounts of Competent Authority Land Acquisition (CALA) under PIU-Chandigarh. In order to prevent reoccurrence of such incidents, NHAI vide its policy circular dated 19 March 2013 directed the PIUs to disburse the amount to the land owner for acquisition of land from the CALA joint account through fund transfer i.e. RTGS. However, during the audit of accounts of PIUs, it was noticed that in case of seven PIUs	2) **Internal Control System** a) Such deviation is an aberration and PIU’s will be asked to be more careful and appropriate action, wherever required, will be taken.

funds were not disbursed to the land owners through fund transfer (i.e. RTGS) and in one PIU RTGS was implemented partially.	
b) Land acquisition in the state of J&K in being done under the Land Acquisition Act of J&K and not under NHAI Act, 1988. Accordingly, the funds amounting to Rs. 21.57 crore were released by NHAI to J&K State Government (treasury account) for acquisition of land and further disbursement of fund to the land owners before 2011. These funds were embezzled by officers of State Government before July 2011. Out of this an amount of Rs. 11.57 crore was transferred by the J&K Government during the year 2012-13 and an amount of Rs. 10.00 crore, during March 2014 to Deputy Commissioner Pulwama, J&K. Thus, the system to monitor the funds pending utilization needs to be strengthened.	b) Some of the State Governments particularly the state of J&K has a special status as per the Constitution of India, and the LA compensation is remitted to the treasury from where beneficiaries are finally paid by the State Government without any involvement of NHAI. In this specific case the government of J&K has agreed to compensate the LA compensation to the remitted value & has indeed given the full amount. We have no means to interfere in the payment process of the state governments.

c) An amount of Rs. 3.41 crore is shown as claims recoverable on accounts of excess payment made to the land owners under different ‘Mauzas’ during Land Acquisition in the year 2002-03. The said amount is lying unadjusted in the books of PIU, Kharagpur, till date for which no records were available at PIU. At present the case is under CBI investigation and pending with the arbitrator. The system to review old balances lying unadjusted needs to be strengthened.	(c) This is an old issue which is presently being investigated by CBI and also under consideration of Arbitration. The arbitrator has directed to keep all recoveries in abeyance till the finalization of enquiry. Necessary action shall be taken as the things may emerge after CBI investigation and arbitration proceedings.
d) As per accounting guidelines and consistent practice of NHAI, the amounts deposited with CALA for acquisition of land should be kept and maintained under joint bank account for making payment of land acquisition compensation. During test check of records of PIU Purnea, audit noticed that an amount of Rs. 73.04 crore was kept in three saving bank accounts under single signature of District Land Acquisition Officers of Araria, Purnea and Supaul District of Bihar in contravention of its own guidelines. Moreover, PIU Purnea does not have any details of Central Bank of India Narpat Ganj Branch Araria Account No. 2343951906 where a sum of Rs. 21.56 crore has been deposited from 2006-07 to 2013-14.	(d) PIU Araria has converted two single CALA account into joint CALA account with Project Director PIU-Araria. NHAI vide Policy circular: Technical (160/2014) dated 22.07.2014 has now authorized CALA to make LA payments on single signatory basis through RTGS/NEFT.
e) In the books of accounts of NHAI Headquarters Office, an amount of Rs. 22.29 crore is lying un-reconciled for more 10 than years under the head Advance against deposit work for utility shifting, agency charges, D&S charges for RoBs, etc. and Rs. 100.03 crore is lying un-reconciled for the last 6 to 11 years towards Advances given to various Government Departments during the year 2003 to 2008 for maintenance of highway. The system of reconciliation of old advances needs to be improved.	e) This represents advances given to various State/Central Governments Agencies for utility shifting, RoBs etc. in respect of which utilization certificates are awaited. All out efforts are being made to get utilization certificate from the concerned government agencies. Subject to this being acceptable to audit, Authority is ready to transfer balances, which are more than ten years old, to their natural head of account without Utilization Certificate by suitably amending Accounting Policy so that this long outstanding issue is resolved.

f) Utilization Certificates of Rs. 59.58 crore on account of utility shifting/maintenance of highways etc. are yet to be obtained from various Govt. Departments/Agencies though most of the works have already been executed and some projects have already been completed.	f) Utilization Certificate is something that depends on other government agencies/departments over which Authority do not have any control. In this regard suggestions from audit have also been invited.
g) Utilizations certificate of Rs. 1.28 crore on account of utility shifting/maintenance of highways etc. has been obtained from Assam Power Distribution Co. Ltd; however, the same is still being shown under Advances.	g) This has been complied and JV No. 2014000002 dated 30.09.2014 handed over to audit at draft reply stage itself.
h) Toll revenue of Rs. 2.88 crore including interest was recoverable from Toll collection Agency. Toll collection agency did not remit the amount to the NHAI and therefore NHAI recovered the amount by forfeiting the performance security during 2012-13. However, the same was not deposited by the NHAI in the CFI during the year 2013-14. The system of monitoring the funds pending to be deposited in the CFI needs to be improved.	h) This has been complied and BPV No. 2014000154 dated 09.09.2014 handed over to audit at draft reply stage itself.
i) Advances were paid to Contractors/Consultants – Mobilization & Material Advance (Rs. 312.15 crore), Advance against deposit works (Rs. 540.19 crore), Advance for maintenance of highways (Rs. 180.11 crore) and Advances to Suppliers (Rs. 1.40 crore). The system of obtaining balances confirmation certificates does not exist.	i) Payment and recovery are regulated as per contract agreements and advances are fully adjusted before the final payment is made.
3) System of Physical Verification of Inventory There is no inventory. **4) Regularity in payment of statutory dues** During test check, it was noticed that there were delays ranging from 1 to 59 days in depositing TDS in two PIUs, i.e., Jaipur and Shimla, of 41 PIUs covered in Audit. **5) Inadequacy of IT systems in NHAI** During test check, it was noticed that	**3)** No Comments. **4) Regularity in payment of statutory dues** Except for a few cases, statutory dues are paid in timely manner. However, efforts are on to further improve it. **5) Inadequacy of IT systems in NHAI**

'Project Financial Management System' (PFMS) used for accounting is not fully	NHAI is exploiting/utilizing the PFMS software to its current potential. Continuous efforts are

exploited/utilized by NHAI and there is manual intervention in preparation of financial statements in view of the following:	also going on for further improvement.
(a) Out of 129 PIUs/CMUs, one PIU (Rudrapur) was not using e-PFMS software and dedicated systems.	(a) As on date e-PFMS is being used by all the 130 units of NHAI and HO.
(b) Financial accounting transactions and accounting up to trial balance is carried out in PFMS. Trial balances generated in PFMS at PIUs and Hqrs. are used for preparation of same trial balances in MS Excel manually, which is being used for preparation of consolidated financial statement.	(b) There are certain features in the e-PFMS which the users are more comfortable doing manually. However efforts are being made to reduce/minimize manual intervention as far as possible.
(c) In PFMS there is an option of preparing project wise 'Comprehensive ledger/Monthly Progress Expenditure Statement' but the relevant date are not punched in the program on regular basis. However, Monthly Progress Expenditure Statement is prepared separately in MS Excel.	(c) e-PFMS is a dynamic software, with huge accumulated data; we are exploring the possibility of further requirement based improvement in the software.

REPLY TO AUDIT REPORT ON THE ANNUAL ACCOUNTS OF THEAUTHORITY FOR THE YEAR ENDED 31 MARCH 2013

<table>
<tr><th>AUDIT REPORT</th><th>MANAGEMENT REPLY</th></tr>
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(A) BALANCESHEET

(1) SOURCES OF FUNDS

(1.) Shareholders' Fund (Schedule – 1)

(1.1) Capital – Net off Toll collection, Negative Grant etc. Up to 31.3.2010 : Rs. **6183.56 crore**

The above amount represents current liability towards 'Net off Toll Receipts, Maintenance Expenditure over Grant etc. payable to GoI upto31.03.2010' which the NHAI has transferred during the year to Capital u/s 17 Account without obtaining approval of the Ministry of Finance and Ministry of Road Transport and Highways.

The Management has replied that:

(i) The approval for conversion of amount of 'Net off Toll Receipts, Maintenance Expenditure over Grant etc. Payable to GoI upto 31.03.2010' to the 'Capital' was given by the Board which had representatives from the Ministry of Finance as well as Ministry of Road Transport & Highways,

(ii) The fact of transfer of the above amount from liability to capital has been disclosed vide Note at serial number 9 of Notes on Accounts.

The contention of the Management is not acceptable as participation of Government nominees in the Board meeting cannot be construed as Government's approval to a decision. In the instant case specific approval/consent of Government of India for the above conversion has not been obtained by NHAI so far. In view of the above position the disclosure made vide Note 9 in Notes on Accounts is deficient as it did not disclose the fact that the NHAI has not obtained specific approval of the GoI.

This has resulted into overstatement of 'Capital – Net off Toll collection, Negative Grant etc. upto 31.3.2010' by Rs. 6183.56 crore and

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(A) BALANCESHEET

(1) SOURCES OF FUNDS

(I) Shareholders' Fund (Schedule – 1) (I.I) Capital – Net off Toll collection, Negative Grant etc. Up to 31.3.2010 : Rs. **6183.56 crore**

The GoI has decided that from 1.04.2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India. It was also agreed that the amount of toll collection already utilized on project development was not payable to GoI. Accordingly, Rs. 6183.56 crore has been transferred from "Payable to GoI" to "Capital provided by GoI" and also disclosed in the Notes on Accounts at Sl No. 9.However, as advised by C&AG, NHAI is seeking approval of MoRTH/MoF.

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understatement of 'Toll Receipts, Maintenance Expenditure over Grant etc. – Payable to GoI upto 31.03.2010 Account' to the same extent.	
(1.2) Reserves & Surplus (Schedule – 2) **Credit Balance of P&L Account –**Rs. **411.99 crore** The above amount represents Agency charges, recognized notionally for the period upto 31 March 2008. Since agency charges were notional (neither recovered nor recoverable), depicting the same under Reserves & Surplus gives a misleading state of affairs of the Authority. This has resulted in overstatement of Reserves & Surplus as well as CWIP by Rs. 411.99 crore. This issue was also raised during 2010-11 and2011-12; however, no corrective action has been taken.	**1.2) Reserves & Surplus (Schedule – 2)** **Credit Balance of P&L Account –** Rs. **411.99 crore** Notional recognition of Agency Charges is based on the approval of cabinet committee for NHDP, recommendation of Public Investment Board (PIB) and concurrence of Finance Minister and in line with the accounting policy. This is also in line with the accounting policy for the period up to 31 March 2008 and is brought forward from audited accounts. However it will be reversed in the current financial year.
II) APPLICATION OF FUNDS **(I) Fixed Assets (Schedule-5):** Rs. **106470.01 crore** (1.1) The Authority has not capitalized any road project expenditure since it became operational in 1995. Consequently, the Authority has also not charged depreciation on completed road project as per the provisions of Accounting Standard-6.Due to such non capitalization, expenditure of Rs. 69280.44 crore incurred by the Authority on creation of the assets i.e. National Highways which are already completed and are being used by the general public is getting recorded in the balance sheet under the head 'Expenditure on completed projects awaiting capitalization/transfer'. The management in its reply to the Para No.(C)(1)-General of last year's Audit Report stated that these assets are held by the Authority as the executing agency on behalf of Central Government and since regular maintenance is provided for Highways, hence no depreciation is required to be charged. The reply of the management is not tenable as the Authority itself vide Note No. 11 disclosed that public issue of tax free bonds are secured against first pari passu charge on fixed assets of NHAI being highway projects comprising all the super structures. Further as per the requirement of Accounting Standard – 6, the depreciable amount of a depreciable asset should be allocated on a systematic basis to each accounting period during the useful life of the asset. At the end of March, 2013, the authority has	**(II) APPLICATION OF FUNDS** **(I) Fixed Assets (Schedule-5):** Rs. **106470.01 crore** Section 23 of National Highways Authority of India Act, 1988 provides as under – "Accounts and audit – The accounts of the Authority shall be maintained and audited in such manner as may, in consultation with the Comptroller and Auditor General of India, be prescribed and the Authority shall furnish, to the Central Government before such date as may be prescribed, its audited copy of accounts together with the auditor's report thereon." The format currently used and details presented therein has been in use for the past 18 years and C&AG had concurred and Central Government has accepted the same all through. Now C&AG have sought certain changes/amendments, NHAI, subject to the approval of Central Government, will effect changes from 2014-15. As suggested by C&AG financial consultant of repute is proposed to be appointed by NHAI to examine the matter of capitalization, depreciation, borrowing cost, format of accounts and accounting standards and make recommendations thereon.

238 completed projects (218 EPC&20 BOT annuity) and toll is being collected on 224 stretches. Thus non provision of depreciation on completed and put to use assets is not in order and is in contravention of Accounting Standard – 6. While the written down value as on date is not available (i.e. the net value of the assets after charging depreciation at the appropriate rate from the date of completion of the Road Project), the depreciation on the gross value of the assets, calculated at the rate of 5 per cent p.a., works out to Rs. 3116.32 crore for the current year. Similarly on the basis of figure of gross value of the assets, the amount of depreciation for the previous four years has been worked out at Rs. 6954.04 crore. The total amount of depreciation which has remained to be charged from the date the asset was entitled to be capitalized could not be worked out in the absence of details such as date of completion, amount booked for each project etc. As such, in the absence of detailed records, audit is unable to quantify the amount by which the assets are overstated and loss for the year understated.	Recommendations thus received shall be submitted to Central Government for implementation in consultation with C&AG.
(b) The borrowing cost of Rs. 1331.59 core for the year 2012-13 includes Rs. 865.54 crore booked under 'Expenditure on Completed Projects Awaiting Capitalization/Transfer' in contravention of Accounting Standard – 16 as well as the Accounting Policy No. 6.2 of the Authority, which states that all capital expenditure incurred till the completion of the projects is shown as 'Capital work-in-progress'. This has resulted in overstatement of 'Fixed assets – Expenditure on completed projects awaiting capitalization/transfer' by Rs. 865.54 crore and understatement of 'Finance Charges' and loss for the year to the same extent. In the absence of details for previous years, Audit has been unable to quantify the total amount of such borrowing costs incorrectly booked to the above head.	**(b)** As per accounting policy- 7 i (b) duly approved by the Board of the Authority, pending decision on capitalization, borrowing costs are consistently added to the total project cost since 2005-06. Also refer reply no. II, I (1.1).
(2) Expenditure on completed projects awaiting Capitalization/Transfer (Schedule-5): Rs. **69,280.44 crore** The above includes an amount of Rs. 4493.96 crore incurred by NHAI on 11 road projects which have been handed over, along with tolling rights, to concessionaires for upgradation of the roads to six lanes on BOT basis. Thus 'Expenditure on completed projects awaiting transfer' is overstated to the extent	**(2) Expenditure on completed projects awaiting Capitalization/Transfer (Schedule-5):** Rs. **69,280.44 crore** Ownership of such asset is not transferred to concessionaire, only the right to develop, in some cases tolling rights (BOT (Toll) projects), are transferred to concessionaire. After expiry of concession period the asset will

of Rs. 4493.96 crore.	revert back to NHAI.
(3) Net Establishment Expenses for the year Transferred to CWIP (from P&L A/c) (Schedule-5): Rs. **163.18 crore** The above includes establishment expenditure amounting to Rs. 106.07 crore allocated to the head 'Expenditure on completed projects awaiting transfer' during the year 2012-13. As this is revenue expenditure, it should not have been appropriated to completed projects. This is in violation of Accounting Standard – 10.	**(3) Net Establishment Expenses for the year Transferred to CWIP (from P&L A/c) (Schedule-5):** Rs. **163.18 crore** Based on Significant Accounting Policy 7 i (d) this is consistently being followed. It is intended to continue till a decision on capitalization is taken by GoI and necessary changes in the Significant Accounting Policy is made. Also refer reply no. II, I(1.1).
(4) Interest on Unutilized Capital (Schedule-5): Rs. **5419.32 crore** Above includes interest accrued of Rs. 124.44 crore (including TDS) during the year [upto previous year Rs. 358.32 crore (excluding TDS)] on the loan disbursed to 11 subsidiary companies, which has been deducted from CWIP. This interest accrued on loan given to subsidiary companies should have been shown as income in P&L Account and not reduced from CWIP. This has resulted in understatement of 'Capital work-in-progress' by Rs. 482.76 crore and overstatement of loss for the year by Rs. 124.44 crore and consequent understatement of 'Surplus carried to the Balance Sheet' by Rs. 482.76 crore.	**(4) Interest on Unutilized Capital (Schedule-5):** Rs. **5419.32 crore** This treatment is based on the Accounting Policy of the Authority 7 i (b) as approved by the Board and is consistently being followed. Also refer reply no. II, I (1.1).
(5) Investment (Schedule-6): Rs. **1198.47 crore** The above includes investment in two subsidiary companies, viz., M/s Moradabad Toll Road Company Limited and M/s Ahmedabad- Vadodara Expressway Company Ltd., of Rs. 345.21 crore, wherein the road project and toll collection right have been transferred in December 2010 and January 2013, respectively, to Concessionaires for upgradation. In view of this, a provision for diminution in the value of the investments should have been made to the extent of Rs. 345.21 crore. Hence there is an overstatement of investment and understatement of loss for the year to the extent of Rs. 345.21 crore.	**(5) Investment (Schedule-6):** Rs. **1198.47 crore** Admitted. This will be reviewed at the time of next balance sheet

In addition to above, investment of Rs. 213.50 crore made in three subsidiary companies, viz., Visakhapatnam Port Road Company Ltd., Cochin Port Road Company Ltd.& Paradip Port Road Company Ltd., has diminished in its value due to accumulated losses, which resulted in erosion of more than 50 per cent of their net worth. A suitable provision should have been made in the books of accounts as per Accounting Standard – 13 after determining the decline in value. The extent of overstatement of investment and understatement of loss thereof could not be quantified by Audit in absence of such determination by the Authority. The issue detailed above in paragraph Nos. A(II)(I.I),(I.2) and (5) constitute multiple uncertainties, the financial effect of which cannot be quantified.	
(6) Current Assets, Loans and Advances (Schedule 7) **Deposits, Loans and Advances** **(6.1)** Advance against deposit works: Rs. 531.01 crore This is overstated by Rs. 51.61 crore on account of advances given to Railways for construction of ROB and concessionaires for change of scope of work. The work has been completed, however, the same has been shown as advance. Consequently, CWIP is also understated to the same extent.	**(6) Current Assets, Loans and Advances (Schedule 7)** **Deposits, Loans and Advances** **(6.1)** Advance given to the Railways will be adjusted in the current financial year and in the case of Change of Scope- recovery of advance is regulated as per concession agreement.
(6.2) Claims Recoverable: Rs. 623.97 crore This is understated by Rs. 6.72 crore due to non-accounting of amount recoverable from contractors/concessionaires as per agreement, damages for delay in achievement of commercial operation date, share of remuneration of Independent Consultants differential toll charges and recoverable on account of scrap/variation in rates. This has resulted in overstatement of CWIP by Rs. 2.60 crore and understatement of 'Current Liabilities-payable to GoI Rs. 4.12 crore.	**(6.2) Claims Recoverable: Rs. 623.97 crore** Admitted. In the wake of audit observation units concerned will review the issue and make necessary accounting entries in respect of undisputed claims recoverable in current financial year.
(6.3) Loan to Subsidiary Companies: Rs. 1380.54 crore Reference is invited to Comment No. A(II)(5). In view of road project and toll collection right been transferred to the Concessionaire, there is no possibility of recovery of the loan of Rs. 67.62 crore given to	**(6.3)** Admitted. This will be reviewed at the time of next balance sheet.

these two subsidiary companies, viz., M/s Moradabad Toll Road Company Limited and M/s Ahmedabad vadodara Expressway Company Ltd. In the absence of provision towards the same, 'Loan to Subsidiary Companies' is overstated by Rs. 67.62 crore and loss for the year is understated to the extent.	
(7) Current Liabilities and Provisions **Current Liabilities (Schedule – 8)** Other Liabilities: Rs. 4729.52 crore This is understated by Rs. 1649.89 crore due to non/short provision of liability on account of: **(**Rs. **in crore)**	**(7) Current Liabilities and Provisions** **Current Liabilities (Schedule – 8)** Other Liabilities: Rs. 4729.52 crore

a	Demands raised by CALA for compensation in respect of land acquired	1414.23	a. Provision for payment is made only after it is approved by Competent Authority NHAI
b	Proportionate semi-annuity accrued to be paid to concessionaires	113.33	b As the final CoD could not be achieved provision not made.
c	Payable to contractors/ concessionaires/consultants in respect of construction work done and certified	50.40	c In some cases provision not made due to lack of certainty of payment in immediate succeeding months.
d	Positive/O&M grant payable to concessionaires	42.29	d Payment of positive grants to concessionaire is subject to fulfillment of the provisions of Concession Agreement and approval of Competent Authority.
e	Payable to Defence Authority with respect to Land Acquisition	22.06	e The exact amount payable is yet to be communicated by Defence Authority.
f	Payable to Concessionaire on account of positive change of scope	6.77	f. Liability on account of change of scope (CoS) to the extent approved by HO has been recognized.
g	Payable to contractors/ concessionaires/consultants in respect of works got done but payments withheld for want of approval of Competent Authority for	0.65	g Withheld for want of concurrence from MPRDC and approval of variation by HO.

	extension of time.		
h	Court fee relating to the M/s ITD cementation Ltd.	0.16	h PIU is being instructed to be more particular in future.
Total		**1649.89**	

This has also resulted in understatement of CWIP by Rs. 1649.04 crore and expenditure on maintenance of Highways by Rs. 0.85 crore.

(B) Notes on Accounts (Schedule 19) **(1) Contingent Liabilities Note No. 28(ii):** Rs. **14002.59 crore** **(1.1)** Above is understated by Rs. 1074.56 crore due to non-inclusion of claims against the Authority in arbitration and legal cases.	**(B) Notes on Accounts (Schedule 19)** **(1) and (1.1)** Copy of compilation showing unit wise detail has been made available to audit. However, it will be further streamlined in current financial year by issuing a dedicated format for reporting.
(1.2) Contingent liabilities are understated to the extent of 90 per cent of debts due as on 31.3.2013 given to the concessionaire by the commercial banks. The amount of debts is secured under the provisions of termination clause of concession agreements as per the guidelines of the RBI. In the absence of details, audit is unable to quantify the amount of contingent liabilities.	**(1.2)** Under notes on Accounts Sl. no. 28 (ii) Authority has disclosed that in respect of other claims/legal cases liability is not ascertainable at present.
(1.3) The Authority did not disclose the amount of 'Capital works remaining to be executed' as on 31.03.2013.	**(1.3)** Authority vide Notes on Accounts Sl. 28 (iv) has disclosed that the total project cost of EPC contracts under implementation as on 31.3.2013 is Rs. 14,075 crore.
(2) As per Accounting Standard – 5, the change in accounting policy and the impact of the change in Accounting Policy along with the adjustments resulting there from, if any, has to be disclosed in the Notes on Accounts. During the year the Authority has changed its Accounting Policy No. 6 on fixed assets and depreciation. However, as the Authority has not capitalized the completed road projects and no depreciation is being charged on such assets, as such, the fact that the effect of change in Accounting Policy is not ascertainable should been disclosed in the Notes on Accounts.	As and when decision on capitalization is taken by GoI depreciation will be charged. Also refer reply no. II, I (1.1).

(C) General **(1)** The authority vide Note No. 26 (a) of Notes on Accounts has stated that Accounting Standards issued the ICAI (except for AS 15, 17 and 21) have generally been followed. However, as brought out in the previous paragraphs, the Authority has deviated from the provisions of Accounting Standards and guidelines issued by the Institute of Chartered Accountant of India.	**(C) General** **(1)** As disclosed under Sl. 26 (a) Authority is generally following the Accounting Standards applicable to its area of operation/activities. Also refer reply no. II, I (1.1).
(2) Note No. 26 (f) of Notes on Accounts discloses that "All receipts of NHAI viz Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act 1980. As such, no separate Account is being maintained for utilization of NHAI Bond collection proceeds". The above disclosure is contradictory to the regulatory and statutory disclosures made by the Members of the Board of NHAI under heading 'Other Regulatory and Statutory Disclosures' of the Prospectus for issue of Tax Free Secured Redeemable Non Convertible Bonds (Rs. 10000 crore) issued during 2011-12. As committed in the Prospectus for issue of Bond of Rs. 10000 crore, the NHAI should have disclosed in the Balance Sheet the details of the funds of NHAI Bond collection proceeds utilized as well as unutilized for better understanding of the accounts to the readers and the stakeholders. The above disclosure is therefore deficient to the above extent.	**(2)** Issue proceeds of tax free bonds have been fully utilized.

(3) The Authority being a body corporate is to act on 'Business Principles' as per clause 2 and 10 of NHAI Act 1988. As per NHAI Rules 1990 and the format of annual statement of accounts approved by the Government of India in consultation with C&AG of India, in the Schedule 5 (Fixed Assets) one of the Sub-heads is 'Roads & Bridges' for which prescribed rate of depreciation is 5 per cent, however, this sub-head is left blank since inception inspite of completed road projects of Rs. 69280.44 crore as on 31 March 2013 and the same are depicted under the head CWIP (Expenditure on completed projects awaiting capitalization/transfer) and no depreciation is provide even after the completion of the road projects, which is not in consonance with the approved format. The approved format also provides that the surplus/deficit in the P&L Account is to be carried to the Balance Sheet, however, the Authority is allocating the deficit in the Profit & Loss Account at the year end to the on-going and completed projects booked under 'Fixed Assets – CWIP'. Further, as per the format, the Grant-n-aid for Maintenance of Highways and expenditure thereon should have been accounted for in Profit and Loss Account, however, the Authority is adjusting the same from Capital Account (Plough back of Toll Remittance, etc.). Thus, the Authority is not following the approval format of 'Annual Statement of Accounts'. Resultantly, the Profit and Loss Account/Financial Statements do not disclose the income or expenditure of the Authority in full measure.

(3) Treatment of depreciation and surplus/deficit is as per the Significant Accounting Policy 7 i (c) and 7 i (d) respectively and are consistently being followed. Also refer reply no. II, I (1.1).

(4) Corrections carried out at the instance of Audit

On the basis of observations of Audit, the Management carried out corrections in the accounts to the extent of Rs. 79.24 crore as detailed below:

(Rs. **in crore)**

Sr. No.	**Particular**	**Inter Head**		**Intra Head**	
		Debit	**Credit**	**Debit**	**Credit**
1	Assets	68.98	22.00	1.23	1.23
2	Liabilities	9.03	56.01	-	-
	Total	78.01	78.01	1.23	1.23

Contingent liabilities of Rs. 625.78 crore booked at the

(4) Corrections carried out at the instance of Audit

No Comment.

instance of Audit.	
iv. Subject to the observations in the preceding paragraphs, we report that the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.	iv. No comment.
v. In our opinion and to the best of our information and according to the explanation given to us, the said financial statements read together with the Accounting Policies and Notes thereon, and subject to the significant matters stated above and other matters mentioned in **Annexure-I** to this Audit Report, give a true and fair view in conformity with accounting principles generally accepted in India; (a) In so far as it related to the Balances Sheet, of the state of affairs of the Authority as at 31March 2013. (b)In so far as it relates to the Profit and Loss Account, of the excess of expenditure over income transferred to Capital Work in Progress for the year ended on that date.	v. No comment.
Annexure – I to Audit Report **1) Internal Audit System** The internal Audit of the Authority has been outsourced to chartered accountants firms. However, the scope of Internal Auditors includes only audit of all transactions and accounting entries in respect of efficacy of operations of the Authority and compliance to rules and regulations and does not provide any formal assurance regarding the adequacy and effectiveness of internal control over financial reporting.	**Annexure – I to Audit Report** **1) Internal Audit System** Internal Auditors are responsible for examining and reporting on the adequacy and effectiveness of the internal controls and suggest ways for their improvement.

2) Internal Control System	**2) Internal Control System**
Internal Control system needs to be strengthened in view of the following:	
a) Utilization Certificates of Rs. 153.20 crore on account of utility shifting/maintenance of highways etc. yet to be obtained from various Government Departments/ Agencies though most of the works have already been done and some projects have already been completed.	**a)** Utilization Certificate is something that depends on other government agencies/ departments over which Authority do not have much control. In this regard suggestion from audit has also been invited.
b) Advances were paid to Contractors/ Consultants – Mobilization & Material Advance (Rs. 267.98 crore), Advance against deposit works (Rs. 531.01 crore), Advance for maintenance of highways (Rs. 166.39 crore) and Advances to Suppliers (Rs. 1.89 crore).	b) Payment and recovery are regulated as per contract agreements and are fully adjusted before the final payment is made.
The system of obtaining balance confirmation certificates does not exist.	c) Reconciliation of ledger accounts is a continuous process which keeps going at all levels.
c) Amount of Rs. 25.48 crore lying unreconciled for more than 2 year under the heads of mobilization advances, deposit work, withheld amount, inter unit transfer and claims recoverable.	d) To avoid any interest claim this has been recommended by Engineer.
d) Price indices were not frozen on the scheduled date of completion resulting in excess payment of escalation/price adjustment made to contractors pending approval of Extension of Time. This was in violation of contractual provisions.	e) In the first case amount has been transferred to PSU bank, in the second case new account has been opened with PSU bank.
e) As per NHAI instructions, land compensation funds should be deposited with PSU banks, whereas in two PIUs funds of Rs. 55.56 crore kept in private banks as on 31.3.2013.	f) Effort is on to obtain disbursement detail, and necessary instructions are being issued.
f) An advance of Rs. 6.72 lakh was given to a NGO in March 2007 for rehabilitation of poor people residing on NH-28, but no details of the NGO was available with the PIU. The amount is still showing under the head of advance against deposit work.	g) Report regarding latest status of case was obtained from PIU and was made available to audit. h) It is the liability of the concessionaire.
g) Reference is invited to Note no 23 (b) of the Notes on account (Schedule 19), wherein it is stated that during the year 2012-13 a fraudulent withdrawal of Rs. 1.06 crore from one of the bank accounts of Competent Authority Land Acquisition (CALA) has been detected under PIU Chandigarh. Though it was stated that the matter was being pursued regularly for recovery, however, no correspondence in	i) PIU has been directed to rectify it.

support of the contention was shown/produced to Audit. h) Concessionaires had not deposited Rs. 14.66 crore on account of labour welfare cess of BOT projects in two PIUs. i) A PIU had kept a fund of Rs. 1.99 crore received for deposit work in the Fixed deposit with Bank. The fund kept in FDR is in violation of NHAI instruction. This fund should have been remitted to NHAI Headquarters' office on the same day. Further interest of Rs. 19.00 lakh earned on the FDR has not been accounted for in the books of account.	
3) System of Physical Verifications of Fixed Assets Fixed Assets Registers were not maintained or were deficient (not updated, closed, verified, location of assets not shown and ID marks not mentioned etc.) and physical verification of fixed assets was not conducted properly and/or physical verification report was not prepared properly in five PIUs.	**3) System of Physical Verifications of Fixed Assets** Units are conducting annual physical verification of fixed assets. Fresh instruction to comply with audit observation is once again being issued to all units.
4) System of Physical Verifications of Inventory There is no inventory.	**4) System of Physical Verifications of Inventory** No Comment.
5) Regularity in payment of statutory dues During test check, it was noticed that there were delays ranging from 2 to 335 days in depositing TDS in four (Jhansi, Sagar, Bhopal and Jabalpur) of 51 PIUs covered in Audit.	**5) Regularity in payment of statutory dues** Except for a few cases, units are generally depositing TDS in time.
6) Inadequacy of IT systems in NHAI Out of 129 PIUs/CMUs, 2 PIUs were not using e-PFMS software and dedicated systems.	**6) Inadequacy of IT systems in NHAI** Already implemented in 128 units. Efforts are on to bring all PIUs/ROs under e-PFMS in the current financial year.