

## Independent Auditor's Report

To  
The Members of  
**Welspun Delhi Meerut Expressway Private Limited**

### 1. Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of Welspun Delhi Meerut Expressway Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income) for the period 16 February 2016 to 31 March 2017, the statement of cash flows and the statement of changes in equity for the period then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

### 2. Management's responsibility for Ind AS financial statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act 2013 ("the Act") read with relevant rules issued thereunder.

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

### 3. Auditor's responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit (including other comprehensive income), its cash flows and the statement of changes in equity for the period ended on that date.


#### 5. Report on other Legal and Regulatory requirements

- I. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
- II. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules issued there under;
  - e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;



- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended 31 March 2017 and
  - iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016- Refer Note 33 to the Ind AS financial statements

**For MGB & Co LLP**  
Chartered Accountants  
Firm Registration Number 101169W/W-100035

  
**Lalit Kumar Jain**  
Partner  
Membership Number 072664



Delhi, 29 May 2017

## **Annexure - A to the Independent Auditor's Report**

**The Annexure referred to in Paragraph 5(l) under the heading "Report on other Legal and Regulatory requirements" of our report of even date to the members of the Company on the Ind AS financial statements for the period ended 31 March 2017, we report that:**

- i. The Company does not hold any fixed assets as at the Balance Sheet date. Hence, sub clause (a), (b) and (c) of clause (i) of the Order is not applicable to the Company.
- ii. The Company does not have any inventory during the period and hence Clause (ii) of the Order is not applicable to the Company.
- iii. The Company has not granted any loan, secured or unsecured, to any party covered in the register maintained under section 189 of the Act;
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans/guarantees given, investments made and securities provided.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act.
- vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the activities carried out by the Company during the period.
- vii. According to the records of the Company, examined by us and information and explanations given to us:
  - a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and others as applicable have generally been regularly deposited with the appropriate authorities except delay in few cases. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.
  - b) There are no dues of duty of customs, sales tax, duty of excise, income tax, service tax and value added tax which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks or dues to debenture holders. The Company does not have any loans from Government.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and moneys raised by way of term loans during the period have been applied for the purposes for which they were raised.



- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the period, nor have been informed of any such case by the Management.
- xi. According to the records of the Company examined by us, and information and explanations given to us, the Company has not paid/provided for managerial remuneration and hence requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act is not necessary.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.
- xiii. According to the records examined by us, and information and explanations given to us, transactions with the related parties are in compliance with Section 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. Further, as explained to us, the provisions of Section 177 are not applicable to the Company.
- xiv. According to the records of the Company examined by us, and information and explanations given to us, the Company has issued compulsorily convertible debentures (CCDs) during the period and has complied with section 42 of the Act. Amounts raised by way of issue of CCDs were utilised for the purposes for which they were raised.
- xv. According to the records of the Company examined by us, and information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For MGB & Co LLP**  
Chartered Accountants  
Firm Registration Number 101169W/W-100035

  
**Lalit Kumar Jain**  
Partner  
Membership Number 072664



Delhi, 29 May 2017

## **Annexure - B to the Independent Auditor's Report**

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

We have audited the internal financial controls over financial reporting of **Welspun Delhi Meerut Expressway Private Limited** ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the period ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

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

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

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



### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **For MGB & Co LLP**

Chartered Accountants

Firm Registration Number 101169WW-100035

  
**Lalit Kumar Jain**

Partner

Membership Number 072664



Delhi, 29 May 2017

**Welspun Delhi Meerut Expressway Private Limited**  
**Balance Sheet as at 31 March 2017**

(Rs in lakhs)

	Note	As at 31 March 2017
<b>Assets</b>		
<b>1. Non-current assets</b>		
(a) Financial assets		
- Service concession receivables	4	12,923.15
(b) Deferred tax assets	5	15.38
(c) Non-current tax assets	6	250.44
<b>Total non-current assets</b>		<b>13,188.97</b>
<b>2. Current assets</b>		
(a) Financial assets		
(i) Cash and cash equivalents	7	794.03
(ii) Loans	8	425.34
(iii) Others	9	0.54
(b) Other current assets	10	8,392.14
<b>Total current assets</b>		<b>9,612.05</b>
<b>Total assets</b>		<b>22,801.02</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
(a) Equity share capital	11	500.00
(b) Instruments entirely equity in nature	12	10,055.00
(c) Other equity	13	75.42
<b>Total equity</b>		<b>10,630.42</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
- Borrowings	14	5,126.68
<b>Total non-current liabilities</b>		<b>5,126.68</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Trade payables	15	30.71
(ii) Others	16	37.19
(b) Other current liabilities	17	6,976.03
<b>Total current liabilities</b>		<b>7,043.93</b>
<b>Total equity and liabilities</b>		<b>22,801.02</b>

Notes forming part of the financial statements

1 - 36

As per our report of even date

**For MGB & Co LLP**

Chartered Accountants

Firm Registration Number 101169W/W-100035

  
Lalit Jain

Partner

Membership Number 072664



**For and on behalf of the Board**



Ashok Jain  
Director  
DIN 00007189



Devendra Patil  
Director  
DIN 00062784

Date : 29 May 2017

Place: Delhi

Date : 29 May 2017

Place: Mumbai



**Welspun Delhi Meerut Expressway Private Limited**

**Statement of profit and loss for the period 16 February 2016 to 31 March 2017**

(Rs in lakhs)

	Note	Period ended 31 March 2017
<b>Income</b>		
Revenue from operations	18	19,720.96
Interest income	19	177.60
<b>Total income</b>		<b>19,898.57</b>
<b>Expenses</b>		
Sub-contracting costs		18,908.73
Finance costs	20	102.18
Other expenses	21	812.24
<b>Total expenses</b>		<b>19,823.15</b>
<b>Profit before tax</b>		<b>75.42</b>
<b>Tax expense</b>	32	
- Current tax		15.38
- Deferred tax credit		(15.38)
<b>Profit for the period</b>		<b>75.42</b>
<b>Other comprehensive income for the period</b>		-
<b>Total comprehensive income for the period</b>		<b>75.42</b>
<b>Earnings per equity share of Rs.10 each fully paid up</b>	26	
Basic		3.00
Diluted		0.41

Notes forming part of the financial statements

1 - 36

As per our report of even date

**For MGB & Co LLP**

Chartered Accountants

Firm Registration Number 101169W/W-100035

  
Lalit Jain  
Partner  
Membership Number 072664



Date : 29 May 2017  
Place: Delhi

**For and on behalf of the Board**

  
Ashok Jain  
Director  
DIN 00007189

  
Devendra Patil  
Director  
DIN 00062784

Date : 29 May 2017  
Place: Mumbai

**Welspun Delhi Meerut Expressway Private Limited**

**Notes forming part of the financial statements**

**Statement of changes in equity for the period ended 31 March 2017**

**A. Equity share capital**

	As at 31 March 2017	
	No. of Shares	Amount (Rs in lakhs)
Opening balance	-	-
Changes during the period	5,000,000	500.00
Closing balance	5,000,000	500.00

**B. Instruments entirely equity in nature  
Compulsorily convertible debentures**


	As at March 31, 2017	
	No. of Shares	Amount (Rs in lakhs)
Opening balance	-	-
Changes during the period	10,055,000	10,055.00
Closing balance	10,055,000	10,055.00

**C. Other equity**

(Rs in lakhs)

	Reserves and surplus	
	Retained earnings	Total
Opening balance	-	-
Profit for the period	75.42	75.42
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>75.42</b>	<b>75.42</b>
<b>As at 31 March 2017</b>	<b>75.42</b>	<b>75.42</b>

As per our report of even date  
For MGB & Co LLP  
Chartered Accountants  
Firm Registration Number 101169W/W-100035

  
Lalit Jain  
Partner  
Membership Number 072664



For and on behalf of the Board

  
Ashok Jain  
Director  
DIN 00007189

  
Devendra Patil  
Director  
DIN 00062784

Date : 29 May 2017  
Place: Delhi

Date : 29 May 2017  
Place: Mumbai

**Welspun Delhi Meerut Expressway Private Limited**  
**Statement of cash flows for the period ended 31 March 2017**

(Rs in lakhs)

	Period ended 31 March 2017
<b>A. Cash flow from operating activities</b>	
Profit before tax	75.42
Adjustments for	
Interest expense	61.19
<b>Operating profit before working capital changes</b>	<b>136.61</b>
Adjustments for :	
Trade and other receivables	(21,741.09)
Trade and other payables	7,031.00
<b>Cash used in operating activities</b>	<b>(14,573.48)</b>
Less: Direct taxes paid	(265.44)
<b>Net cash used in operating activities</b>	<b>(14,838.92)</b>
<b>B. Cash flow from investing activities</b>	-
<b>Net Cash inflow from/ (outflow) from investing activities</b>	-
<b>C. Cash flow from financing activities</b>	
Proceeds from issue of equity shares	500.00
Proceeds from issue of compulsorily convertible debentures	10,055.00
Proceeds from long-term borrowings	5,139.14
Interest expense	(61.19)
<b>Net cash inflow from/ (outflow) from financing activities</b>	<b>15,632.95</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>794.03</b>
<b>Cash and cash equivalents at the beginning of the period</b>	-
<b>Cash and cash equivalents at the end of the period</b>	<b>794.03</b>

Notes :

1. Break up of cash and cash equivalents are as follows :-

(Rs in lakhs)

<b>Balances with banks in :-</b>	
Current accounts	168.97
Deposit with bank having original maturity of less than three months	625.06
	<b>794.03</b>



2 The above Statement of cash flow has been prepared under the indirect method as set out in Ind AS 7 "Statement of Cash Flows" notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015.

3. Previous period figures are not given as the financial statements are prepared from the date of incorporation i.e. 16 February 2016 to 31 March 2017.

As per our report of even date

**For MGB & Co LLP**

Chartered Accountants

Firm Registration Number 101169W/W-100035



Lalit Jain

Partner

Membership Number 072664



Date : 29 May 2017

Place: Delhi

**For and on behalf of the Board**



Ashok Jain

Director

DIN 00007189



Devendra Patil

Director

DIN 00062784

Date : 29 May 2017

Place: Mumbai

## Welspun Delhi Meerut Expressway Private Limited

### Notes forming part of the financial statements

#### 1. Company Information

Welspun Delhi Meerut Expressway Private Limited, ("the Company") is domiciled and incorporated in India and is a wholly owned subsidiary company of Welspun Enterprises Limited. The Company is engaged into infrastructure development on Hybrid Annuity model basis.

The financial statements of the Company are prepared for the period 16 February 2016 to 31 March 2017 and authorised for issue by the Board of Directors at their meeting held on 29 May 2017.

#### 2. Basis of preparation

(a) The financial statements have been prepared to comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act and rules framed thereunder.

These financial statements for the period from 16 February 2016 to 31 March 2017 are the first financial statements of the Company prepared in accordance with Ind AS. The aforesaid financial statements are prepared from the date of incorporation i.e. 16 February 2016 to 31 March 2017 and hence previous period figures are not applicable.

The financial statements have been prepared under the historical cost convention and on accrual basis, except for certain financial assets and liabilities which have been measured at fair value.

The financial statements are presented in Indian Rupees ("INR") with values rounded off to the nearest lakhs with two decimals, thereof, except otherwise indicated.

#### (b) Current and non-current classification

Assets and liabilities are classified as current if it is expected to realise or settle within twelve months after the balance sheet date. Deferred tax assets and liabilities are classified as non-current.

#### 3 (A) Significant accounting policies

##### i) Property, plant and equipment

Subsequent to initial recognition, property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria is met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. The carrying amount of the replaced part accounted for as a separate asset previously is derecognized. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

Depreciation on property, plant and equipment is provided on written down value basis as per the rate derived on the basis of useful life and method prescribed under Schedule – II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

##### ii) Impairment of non-financial assets

The carrying amounts of other non-financial assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying amount exceeds its recoverable value. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the assets. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. The impairment loss recognized in prior accounting periods is reversed by crediting to the statement of profit and loss if there has been a change in the estimate of recoverable amount.

##### iii) Service concession arrangements

The Company constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix A to Ind AS 11 - Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The financial asset model is used to the extent the Company has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. If the Company performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

In the financial assets model, the amount due from the grantor meet the identification of the receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest on that amount is calculated using the effective interest method. Any assets carried under concession arrangement is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial assets expire.



**Welspun Delhi Meerut Expressway Private Limited**

**Notes forming part of the financial statements**

**iv) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. All revenues are accounted on accrual basis except to the extent stated otherwise.

**a) Construction contract revenue**

Revenue from construction contracts is recognised by applying percentage of completion method after providing for foreseeable losses, if any. Percentage of completion is determined as a proportion of the cost incurred up to the reporting date to the total estimated cost to complete. Foreseeable losses, if any, on the contracts is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of cost and related incidental income not included in contract revenue is taken into consideration. Contract is reflected at cost that are expected to be recoverable till such time the outcome of the contract cannot be ascertained reliably and at reliable value thereafter.

Contract revenue corresponds to the fair value of consideration received/ receivable from the customer to the extent that it is probable that they will result in revenue, and they are capable of being reliably measured.

**b) Interest income**

Interest income for all debt instruments, measured at amortised cost or fair value through other comprehensive income, is recognised using the effective interest rate method and shown under interest income in the statement of profit and loss.

**v) Taxes on income**

**a) Current tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

**b) Deferred tax**

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternate Tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**vi) Foreign currency transactions**

The Company's financial statements are presented in INR, which is also the Company's functional currency. Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

**vii) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and other short term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.



**Welspun Delhi Meerut Expressway Private Limited**

**Notes forming part of the financial statements**

**viii) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except when the results would be anti-dilutive.

**ix) Provisions, contingent liabilities and contingent assets**

**a) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, 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 to the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

**b) Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation which 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. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence 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 are disclosed in the financial statements.

**x) 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.

**A. Financial assets**

**Initial recognition and measurement**

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset except for financial assets classified as fair value through profit or loss.

**Subsequent measurement**

For the purposes of subsequent measurement, financial assets are classified in four categories:

- a) Debt instruments measured at amortised cost
- b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)
- c) Debt instruments measured at fair value through profit or loss (FVTPL)
- d) Equity instruments measured at FVTOCI or FVTPL

**Debt instruments**

The subsequent measurement of debt instruments depends on their classification. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

**a) Debt instruments measured at amortised cost**

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of profit and loss when the asset is derecognised or impaired. Income from these financial assets is included in interest income using the effective interest rate method.

**b) Debt instruments measured at FVTOCI**

Debt instruments that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payment of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest income which are recognised in statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in the OCI is reclassified from equity to statement of profit and loss. Income from these financial assets is included in interest income using the effective interest rate method. Currently the Company doesn't have any financial assets classified under these category.



**Welspun Delhi Meerut Expressway Private Limited**

**Notes forming part of the financial statements**

**c) Debt instruments measured at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

**d) Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. The Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. Currently the Company doesn't have any financial assets classified under these categories.

**Derecognition of financial assets**

A financial asset is derecognised only when

- i) The Company has transferred the rights to receive cash flows from the financial asset or
- ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- i) Financial assets measured at amortised cost
- ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

Expected credit losses are measured through a loss allowance at an amount equal to

- i) the twelve months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within twelve after the reporting date) or
- ii) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

**B. Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial liability at initial recognition. All financial liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial liability except for financial liabilities classified as fair value through profit or loss.

**Subsequent measurement**

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- a) Financial liabilities measured at amortised cost
- b) Financial liabilities measured at FVTPL (fair value through profit or loss)

**a) Financial liabilities measured at amortised cost**

After initial recognition, financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit and loss.

**b) Financial liabilities measured at fair value through profit or loss (FVTPL)**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the statement of profit and loss.





## Welspun Delhi Meerut Expressway Private Limited

### Notes forming part of the financial statements

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### x) Fair value measurement

The Company measures financial instruments, such as, investment in debt and equity instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### xii) Government grants

Government grants (except those existing on transition date) are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the statement of profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments.

#### xiii) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### xiv) Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

### 3 (B) Significant estimates, judgements and assumptions

The preparation of financial statements requires management to exercise judgment in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

#### a) Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that have a low probability of crystallising or are very difficult to quantify reliably, are treated as contingent liabilities. Such liabilities are disclosed in the notes, if any, but are not provided for in the financial statements. There can be no assurance regarding the final outcome of these legal proceedings.



**Welspun Delhi Meerut Expressway Private Limited**

**Notes forming part of the financial statements**

**b) Impairment testing**

i. Judgment is also required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made, including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances.

ii. Determining whether the carrying amount of these assets has any indication of impairment also requires judgment. If an indication of impairment is identified, further judgment is required to assess whether the carrying amount can be supported by the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate.

**c) Taxes**

a) The Company's tax charge is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

b) Accruals for tax contingencies require management to make judgments and estimates in relation to tax audit issues and exposures.

c) The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax Company in which the deferred tax asset has been recognized.

**d) Fair Value Measurement**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. For details of the key assumptions used and the impact of changes to these assumptions (Refer note 23).

**e) 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 April 1, 2017.

The amendment to Ind AS 7 requires the entities 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, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.



**Welspun Delhi Meerut Expressway Private Limited****Notes forming part of the financial statements****Financial assets**

(Rs in lakhs)

<b>4 Non-current financial assets</b>	
	<b>As at 31 March 2017</b>
Service concession receivables	12,923.15
<b>Total</b>	<b>12,923.15</b>

(Rs in lakhs)

<b>5 Deferred tax assets</b>	
	<b>As at 31 March 2017</b>
MAT credit entitlement taken	15.38
<b>Total</b>	<b>15.38</b>

(Rs in lakhs)

<b>6 Non-current tax assets</b>	
	<b>As at 31 March 2017</b>
Balances with government authorities Direct tax (net of provisions)	250.44
<b>Total</b>	<b>250.44</b>

(Rs in lakhs)

<b>7 Cash and cash equivalents</b>	
	<b>As at 31 March 2017</b>
Balances with banks in Current accounts	168.97
Deposit with bank having original maturity of less than three months	625.06
<b>Total</b>	<b>794.03</b>

(Rs in lakhs)

<b>8 Current financial assets - Loans</b>	
	<b>As at 31 March 2017</b>
Unsecured, considered good Loan to related party (Refer note - 29)	425.34
<b>Total</b>	<b>425.34</b>



**Welspun Delhi Meerut Expressway Private Limited**

**Notes forming part of the financial statements**

**Financial assets**

(Rs in lakhs)  
(Rs in lakhs)

<b>9 Current financial assets - others</b>	
	<b>As at 31 March 2017</b>
<b>Unsecured, considered good</b>	
Other advances	0.54
<b>Total</b>	<b>0.54</b>

(Rs in lakhs)

<b>10 Other current assets</b>	
	<b>As at 31 March 2017</b>
Mobilisation advance to related party (Refer Note - 29)	6,506.78
Trade advance to related party (Refer note - 29)	1,885.36
<b>Total</b>	<b>8,392.14</b>



**Welspun Delhi Meerut Expressway Private Limited**

**Notes forming part of the financial statements**

(Rs in lakhs)

11 Share capital		As at 31 March 2017
<b>Authorised</b> 5,000,000 equity shares of Rs.10/- each		500.00
<b>Issued, subscribed and paid up</b> 5,000,000 equity shares of Rs.10/- each fully paid up		500.00
<b>Total</b>		<b>500.00</b>

**a) Reconciliation of number of shares out standing**

	As at 31 March, 2017	
	No of Equity shares	(Rs in Lakhs)
At the beginning of the period	-	-
Add: issued during the period	5,000,000	500.00
<b>Outstanding at the end of the period</b>	<b>5,000,000</b>	<b>500.00</b>

**b) Terms/ rights attached to equity shares**

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

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

**c) Details of shares held by holding company**

Name of shareholder	As at 31 March 2017	
	No of Equity shares	Percentage of holding
Welspun Enterprises Limited and its nominees	5,000,000	100%

**d) Details of shareholder holding more than 5% equity shares**

Name of shareholder	As at 31 March 2017	
	No of Equity shares	Percentage of holding
Welspun Enterprises Limited and its nominees	5,000,000	100%

(Rs in lakhs)

12 Instruments entirely equity in nature		As at 31 March 2017
Compulsorily convertible debentures (CCD) (10,055,000 units of Rs 100 each, fully paid up)		10,055.00
<b>Total</b>		<b>10,055.00</b>

**Terms and conditions of CCD**

Each unsecured debenture shall be compulsorily convertible into 10 equity shares of Rs 10 each of the Company at the end of the tenure.

The debenture holder and the Company may mutually agree to convert the debentures into equity shares at any time before expiry of the tenure and the same does not carry any interest.



**Welspun Delhi Meerut Expressway Private Limited**

**Notes forming part of the financial statements**

(Rs in lakhs)

13 Other equity	As at 31 March 2017
Retained earnings Profit for the period	75.42
<b>Total</b>	<b>75.42</b>

**Nature and purpose of reserves**

**Retained earnings**

Retained earnings represent the profit made by the Company for the period.



**Welspun Delhi Meerut Expressway Private Limited**

**Notes forming part of the financial statements**

(Rs in lakhs)

14 Non- current borrowings	As at 31 March 2017
<b>Secured</b>	
Term loans from banks	5,139.14
Less: Current maturities disclosed under "other current financial liabilities" (Refer note 16)	(12.46)
<b>Total</b>	<b>5,126.68</b>

**Nature of security and terms of repayments for long-term borrowings**

**a) Union Bank of India**

**i) Nature of security**

(i) First pari passu charges on all immovable properties including lease hold rights, if any, both present and future.

(ii) First pari passu charges on all tangible moveable assets including moveable plant & machineries, machinery spares, tools & accessories, furniture & fixture, vehicles and other movable assets both present & future

(iii) Lien over all accounts of the borrower, including the escrow accounts and sub accounts and all funds from time to time, deposited therein.

(iv) First charge in all intangible assets, if any including but not limited to, goodwill rights, undertaking intellectual property and uncalled capital present & future excluding the project assets.

**Collateral security**

51% pledge of shares of the Company "Welspun Delhi Merrut Expressway Private Limited" by its holding company

**ii) Repayment terms**

a) Rate of interest : 1 year MCLR plus 0.85% p.a. (presently 10.30% p.a.)

b) Term loan is repayable in half yearly installments starting from 2019 and ending in 2034

**b) State Bank of Hyderabad:**

**i) Nature of security**

(i) First pari passu charges on all borrower immovable properties, including lease hold rights if any both present and future.

(ii) First pari passu charges on all borrower, tangible movable, assets including movable plant and machinery, spares, accessories, furniture fixture vehicles and all other movable assets, both present and future.

(iii) Lien over all accounts, of the borrower, including the escrow accounts and sub-accounts and all funds from time to time, deposited therein.

(iv) First charge on all intangible assets, of the borrower, if any including but not limited to goodwill, right, undertaking, intellectual property, uncalled capital present and future excuding the project assets.



**Welspun Delhi Meerut Expressway Private Limited**

**Notes forming part of the financial statements**

**ii) Repayment terms**

a) Rate of interest : One year SBH MCLR Rate (Currently 9.60% p.a.) plus spread of 0.25% p.a. payable monthly installment (effective rate of interest 9.85%).

b) Term loan is repayable in half yearly installments starting from 2019 and ending in 2034

(Rs in lakhs)

<b>15 Trade payables</b>	
	<b>As at 31 March 2017</b>
Trade payables	30.51
Other payables	0.20
<b>Total</b>	<b>30.71</b>

**Terms and conditions of the above**

Trade payables are non-interest bearing and are normally settled on 60-day terms.

(Rs in lakhs)

<b>16 Current financial liabilities - others</b>	
	<b>As at 31 March 2017</b>
Current maturities of non current borrowings (Refer note 14)	12.46
Creditors for expenses	24.73
<b>Total</b>	<b>37.19</b>

(Rs in lakhs)

<b>17 Other current liabilities</b>	
	<b>As at 31 March 2017</b>
Mobilisation advances received	6,368.05
Statutory dues payable	607.98
<b>Total</b>	<b>6,976.03</b>





**Welspun Delhi Meerut Expressway Private Limited**

**Notes forming part of the financial statements**

(Rs in lakhs)

<b>18 Revenue from operations</b>	
	<b>Period ended 31 March 2017</b>
Revenue from construction contract	19,720.96
<b>Total</b>	<b>19,720.96</b>

(Rs in lakhs)

<b>19 Interest income</b>	
	<b>Period ended 31 March 2017</b>
Interest income on financial assets at amortised costs	
- On bank deposits	1.10
- On other financial assets	176.50
<b>Total</b>	<b>177.60</b>

(Rs in lakhs)

<b>20 Finance costs</b>	
	<b>Period ended 31 March 2017</b>
Interest expense on financial liabilities at amortised cost	
- Borrowings	4.39
- Others	56.80
Other borrowing costs	40.99
<b>Total</b>	<b>102.18</b>

(Rs in Lakhs)

<b>21 Other expenses</b>	
	<b>Period ended 31 March 2017</b>
Site expenses	0.14
Rates and taxes	657.81
Insurance	48.31
Legal and professional fees	96.14
Printing and stationary	0.03
Payment to Auditors'	
- Audit fees	3.75
- Certifications	0.08
Preliminary expenses written off	0.05
Miscellaneous expenses	5.93
<b>Total</b>	<b>812.24</b>



Notes forming part of the financial statements

22 Financial risk management objectives and policies

The Company's principal financial liabilities mainly comprise borrowings and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets includes loans, service concession receivables, other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks.

A 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 three types of risk: interest rate risk, currency risk and other price risk.

a) Interest rate risk

This refers to risk to Company's cash flow and profits on account of movement in market interest rates.

For the Company the interest risk arises mainly from interest bearing borrowings which are at floating interest rates. To mitigate interest rate risk, the Company closely monitors market interest.

(i) Interest rate risk exposure

(Rs in lakhs)

	As at 31 March 2017
Variable rate borrowings	5,277.14

(ii) Interest rate sensitivity

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

(Rs in lakhs)

	Increase / decrease in basis points	Effect on Profit before tax
31 March 2017		
INR	+ 50 / - 50	(-) 4.42 / 4.42

B Credit risk

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 is the carrying amounts.

The carrying amount of following financial assets represents the maximum credit exposure:

(Rs in lakhs)

	As at 31 March 2017
Service concession receivables	
Over Six Months	12,923.15
Less than six months	-
<b>Total</b>	<b>12,923.15</b>

The Company reviews its outstanding position of financial assets on monthly basis and takes necessary action to mitigate the risk.

C Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that the funds are available for use as per the requirements.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March, 2017

(Rs in lakhs)

Financial Liabilities	Borrowings	Trade payables	Other financial liability
Less than 1 year	4.39	30.71	24.73
Between 1 to 5 years	590.55	-	-
Beyond 5 years	4,682.20	-	-
<b>Total</b>	<b>5,277.14</b>	<b>30.71</b>	<b>24.73</b>

23 (a) Fair value

On comparison by class of the carrying amounts and fair value of the Company's financial instruments, the carrying amounts of the financial instruments reasonably approximates fair values.

(b) Fair value hierarchy

(Rs in lakhs)

	Carrying amount As at 31 March 2017	Fair value measurement		
		Level 1	Level 2	Level 3
<b>Financial asset at amortised cost</b>				
Service concession receivables	12,923.15	-	12,923.15	-
Cash and cash equivalents	794.03	-	-	-
Loans	425.34	-	-	-
Other advances	0.54	-	-	-
<b>Total</b>	<b>14,143.06</b>	<b>-</b>	<b>12,923.15</b>	<b>-</b>
<b>Financial liabilities at amortised cost</b>				
Borrowings	5,139.14	-	5,139.14	-
Trade payables	30.71	-	-	-
Creditor for expenses	24.73	-	-	-
<b>Total</b>	<b>5,194.58</b>	<b>-</b>	<b>5,139.14</b>	<b>-</b>



Notes forming part of the financial statements

24 Service concession receivables

The Company manages concession arrangement which include the construction of road on hybrid annuity basis followed by a period in which the Company maintains and services the infrastructure. These concession arrangements set out rights and obligations relating to the infrastructure and services to be provided. For fulfilling those obligations, the Company is entitled to receive either cash from the grantor. The Consideration received or receivable is allocated by reference to the relative fair value of the services provided.

Revenue from the concession arrangements earned under the financial asset model consists of the (i) fair value of the amount due from the grantor ; and (ii) interest income related to the capital investment in the project.

25 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, instruments entirely equity in nature (compulsorily convertible debentures) and all other equity reserves attributable to the shareholder of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants, if any. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio less than 60%. The Company includes within net debt, interest bearing borrowings, trade and other payables, less cash and cash equivalents.

	(Rs. in lakhs)
	As at 31 March 2017
Borrowings	5,126.68
Trade payables	30.71
Other payables	37.19
Less : Cash and cash equivalents (incl other Bank balances)	(794.03)
<b>Net Debt</b>	<b>4,400.55</b>
Equity	500.00
Instruments entirely equity in nature	10,055.00
Other equity	75.42
<b>Total Capital</b>	<b>10,630.42</b>
<b>Capital and net debt</b>	<b>15,030.97</b>
<b>Gearing Ratio</b>	<b>29.28%</b>

26 Earnings per share (EPS)

		(Rs. in lakhs)
		As at 31 March 2017
Net profit after tax available for equity shareholders	A	75.42
Weighted average number of equity shares of Rs. 10 each outstanding during the year used for calculating basic EPS (Number of shares)	B	2,517,171
Weighted average number of equity shares of Rs. 10 each outstanding during the year used for calculating diluted EPS (Number of shares)	C	18,536,073
Basic earnings per share	A/ B	3.00
Diluted earnings per share	A/C	0.41

27 Contingent liabilities (to the extent not provided for)

Nil

28 Segment information

The Company is engaged in the business of infrastructure development which in the opinion of the management is considered the only business segment in the context of Ind AS 108. The geographical segment is not relevant as the Company operates in a single geographical segment ie India.

29 Disclosure as required by Ind AS 24 - Related Party disclosures

a) Holding company - Welspun Enterprises Limited

b) Directors / Key managerial Personnel (KMP)

Mr. Ashok Jain	Director
Mr. Navin Sinha	Director
Mr Devendra Patil	Director

c) Related party transactions

(Rs in lakhs)

	Period ended 31 March 2017
<b>Sub-contracting cost</b>	
Welspun Enterprises Limited	18,908.73
<b>Mobilisation advance given</b>	
Welspun Enterprises Limited	7,944.39
<b>Mobilisation advance received</b>	
Welspun Enterprises Limited	1,437.61
<b>Loans and advances given</b>	
Welspun Enterprises Limited	2,310.70



**Welspun Delhi Meerut Expressway Private Limited**

**Notes forming part of the financial statements**

**Closing balances as at**

(Rs in lakhs)

	As at 31 March 2017
<b>Receivables</b>	
Welspun Enterprises Limited	8,817.48
<b>Payables</b>	
Welspun Enterprises Limited	30.51

**Note**

Transactions with related parties are at arm's length and in the ordinary courses of business. All the outstanding balances are unsecured and settled for consideration in cash.

**30 Disclosures as required by Ind AS 11 "Construction contract in progress"**

**Construction contracts in progress**

(Rs in lakhs)

	Period ended 31 March 2017
Total income and expense recognised under IndAS 11 on contract in progress	
Costs incurred for period	19,720.96
Recognised profits	-
Contract revenue for the period	19,720.96
Recognised losses	-
Costs incurred relating to future activity	1,885.36
	21,606.32
Less : progress billings and advances	(1,885.36)
	19,720.96
Amounts due from customers for contract work	-
Amounts due to customers for contract work	-
<b>Construction contracts in progress, net position</b>	-
Aggregate amount of costs incurred and recognised profits (less losses) to date	19,720.96
Retention asset	-
Advance received	6,388.05

**31 Concession arrangements - main features**

(i) Name of the concession :

Delhi Meerut Express Way Package-1 (NHAI)

(ii) Description of arrangements :

Development of Delhi Meerut Expressways from Km 0.00 to Km 27.50 including 6/8 laning of NH-24 from Km 0.00 to Km 49.346 (Haspur bypass) in state of Delhi and Uttar Pradesh, Package - 1 from Km 0.00 to existing Km 6.36 in state of Delhi on Hybrid Annuity Model

(iii) Significant terms of arrangements :

Period of Concession: 15 Years from COD. Construction Period: 910 days  
Remuneration: Annuity, Interest and O&M  
Investment grant from concession grantor: Yes  
Infrastructure return to grantor at end of concession : Yes  
Investment and renewal obligations: No  
Re-pricing dates: Half Yearly for O&M  
Basis upon which re-pricing or re-negotiation is determined: Inflation price index as defined in concession agreement

(iv) Financial assets :

12923.15 in lakhs

**32 Income tax**

**(a) Tax expense recognised in the statement of profit and loss**

(Rs in lakhs)

	Period ended 31 March 2017
<b>Current tax</b>	
Current tax on taxable income for the period	15.38
<b>Deferred tax</b>	
MAT credit (taken)	(15.38)
<b>Total tax expense</b>	-

**(b) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for 31 March 2017**

(Rs in lakhs)

	Period ended 31 March 2017
Accounting profit before tax	75.42
At India's statutory income tax rate (MAT)	15.38
MAT credit (taken)	(15.38)
Income tax expenses reported in the statement of profit and loss (Refer Note 3 (A) (v)) in Significant Accounting Policies	-

Since the Company is eligible for 100% tax holiday, tax expenses is recognised under MAT

**33** The Company does not enter into any transaction in cash. Therefore it had no transaction in specified bank notes (SBN) during the period from 08 November 2016 to 31 December 2016.

**34** Under the Micro, Small and Medium Enterprise Development Act, 2006 ("MSMED Act") which came into force effective from October 2, 2006, certain disclosures relating to amounts due to micro, small and medium enterprises are required to be made. As the relevant information is not yet readily available and /or not given or confirmed by such enterprises, it is not possible to give required information in the accounts. However, in view of the management, the impact of interest, if any, which may subsequently become payable to such enterprises in accordance with the provisions of the Act, would not be material and the same, if any, would be disclosed in the year of payment of interest.



**Welspun Delhi Meerut Expressway Private Limited**

**Notes forming part of the financial statements**

- 36 Details of loans given, investments made and guarantee given covered U/s 186 of the Companies Act, 2013**  
The Company is engaged in the business of providing infrastructural facilities as specified under Schedule VI of the Companies Act 2013 (the 'Act') and hence the provisions of Section 186 of the Act related to loans/ guarantees given or securities provided are not applicable to the Company. There are no investments made by the Company during the period.
- 36** The financial statements are prepared from the date of incorporation i.e. 16 February 2016 to 31 March 2017. Hence, previous period figures are not given.

As per our report of even date  
For MGB & Co LLP  
Chartered Accountants  
Firm Registration Number 101169W/W-100035

  
Ashok Jain  
Partner  
Membership Number 072864  
Date : 29 May 2017  
Place: Delhi



For and on behalf of the Board

  
Ashok Jain  
Director  
DIN 00007189

  
Devendra Patil  
Director  
DIN 00062784

Date : 29 May 2017  
Place: Mumbai