

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of  
Sadbhav Nainital Highway Private Limited**

**Report on the audit of the Standalone Ind AS Financial Statements****Opinion**

We have audited the Standalone Ind AS financial statements of **Sadbhav Nainital Highway Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013 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, 2021, and its profit, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw your attention to Note 23(K) of the financial statements:

There is delay in physical work progress as at March 31, 2021 due to delay in handing over the land from Authority (NHAI) and nationwide lockdown due to Covid-19. Currently sponsor is supporting for smooth execution of the project and simultaneously is in discussion with the NHAI for extension of concession period including construction period. Considering the current situation, the management is confident that necessary approvals relating to extension of concession period including construction period will be received from Authority and no consequences is envisaged under term of concession agreement.

Our Opinion is not modified in respect of above matter.

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

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

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

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

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

**Responsibility of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

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



be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and 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, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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".
  - 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 except those disclosed in financial statements;
    - ii. The Company does not envisage any material foreseeable losses in long-term contracts including derivative contract requiring provision;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.





3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors during the year so the provisions of section 197 of the Act are not applicable.

**For Gianender & Associates**  
**Chartered Accountants**  
**(Firm's Registration No. 004661N)**

**SHASHANK** Digitally signed by  
**AGRAWAL** SHASHANK AGRAWAL  
Date: 2021.06.26  
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**Shashank Agrawal**  
**(Partner)**  
**(M No. 536670)**

**Place: New Delhi**  
**Date: 26/06/2021**  
**UDIN: 21536670AAAAAL4714**



**Annexure 'A' to the Independent Auditor's Report of Sadbhav Nainital Highway Private Limited for the Year ended as on 31<sup>st</sup> March 2021**

**Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-**

- i. (a) The Company has no fixed assets as on 31<sup>st</sup> March, 2021.
- ii. As the Company is engaged in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the Company.
- iii. In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable
- iv. In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the Company.
- v. According to the information and explanations given to us, the Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
- vi. In our opinion and according to the information and explanations given to us, the Company is prima-Facie maintaining the cost records as specified by the Central government under sub-section (1) of section 148 of Companies act, 2013.
- vii. a. According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. As on 31<sup>st</sup> March 2021, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable .  
  
b. According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which have not been deposited on account of dispute.
- viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has defaulted in payment of interest dues to banks which are as follows:

**GIANENDER & ASSOCIATES**

CHARTERED ACCOUNTANTS

(Rs. In millions)

<b>Name Of Banks</b>	<b>Due on Feb2021</b>	<b>Due on March 2021</b>	<b>Total</b>
Bank of India	-	(0.78)	<b>(0.78)</b>
Dena Bank	(1.37)	(3.21)	<b>(4.58)</b>
IndusInd Bank	-	(2.98)	<b>(2.98)</b>
Punjab National Bank	-	(1.32)	<b>(1.32)</b>
<b>Total</b>	<b>(1.37)</b>	<b>(8.29)</b>	<b>(9.67)</b>

The Company has not taken any loans or borrowings from any Government and not issued any debentures during the year.

- ix. According to the information and explanations given to us and based on our examination of the records of the Company, Money raised by way of term loans were applied for the purpose for which it was raised and the Company has not raised any money by way of initial public offer or further public offer during the year.
- x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the Company noticed or reported during the period under audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid any managerial remuneration. Hence, reporting under Para 3(xi) are not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence clause3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information provided to us, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the Company.

**For Gianender & Associates**  
**Chartered Accountants**  
**(Firm's Registration No. 004661N)**

**SHASHANK**  
**AGRAWAL**

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**Shashank Agrawal**  
**(Partner)**  
**(M No. 536670)**

**Place: New Delhi**  
**Date: 26/06/2021**  
**UDIN: 21536670AAAAAL4714**



**ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT**  
**(Referred to in our Report of even date)**

**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 **Sadbhav Nainital Highway Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone 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 Standalone Ind AS 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 Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Ind AS 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 March 31, 2021, 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 Gianender & Associates**  
**Chartered Accountants**  
**(Firm's Registration No. 004661N)**

**SHASHANK**  
**AGRAWAL**

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**Shashank Agrawal**  
**(Partner)**  
**(M No. 536670)**

**Place: New Delhi**  
**Date: 26/06/2021**  
**UDIN: 21536670AAAAAL4714**

<b>Sadbhav Nainital Highway Private Limited</b> <b>CIN :: U45309GJ2016PTC091777</b> <b>Balance Sheet as at March 31, 2021</b>			
Particulars	Note No.	As at March 31, 2021 INR in Million	As at March 31, 2020 INR in Million
<b>ASSETS</b>			
<b>1. Non-current Assets</b>			
(a) Financial Assets			
(i) Receivable under Concession Arrangements	5	2,210.86	1,949.58
		<b>2,210.86</b>	<b>1,949.58</b>
<b>2. Current Assets</b>			
(a) Financial Assets			
(i) Cash and Cash Equivalents	6	0.09	0.91
(ii) Receivable under Concession Arrangements	5	545.58	942.83
(iii) Other financial Assets	7	83.34	62.32
(b) Other Current Assets	8	596.07	660.39
(c) Current tax assets (Net)	9	1.88	1.80
		<b>1,226.96</b>	<b>1,668.25</b>
<b>Total Assets</b>		<b>3,437.82</b>	<b>3,617.83</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	10	10.00	10.00
Other Equity	11	751.47	638.38
<b>Total Equity</b>		<b>761.47</b>	<b>648.38</b>
<b>LIABILITIES</b>			
<b>Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12	1,521.48	1,304.87
(b) Deferred tax liabilities (Net)	26	55.89	37.43
<b>Total Non-current liabilities</b>		<b>1,577.37</b>	<b>1,342.30</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	13	-	41.56
(ii) Trade Payables	14		
-Dues to Micro & small enterprises		7.91	-
-Dues to others		623.49	564.14
(iii) Other Financial Liabilities	15	105.43	231.16
(b) Other Current Liabilities	16	362.15	790.29
		<b>1,098.98</b>	<b>1,627.15</b>
<b>Total Equity and Liabilities</b>		<b>3,437.82</b>	<b>3,617.83</b>
<b>Significant Accounting Policies</b>	3		

Accompanying notes are an integral part of the financial statements

As per our report of even date  
For Gianendar & Associates  
Chartered Accountants  
(Firm Regn No. 04661N)

SHASHANK AGRAWAL  
Digitally signed by SHASHANK AGRAWAL  
Date: 2021.06.26  
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**Shashank Agrawal**  
Partner  
Membership No. 536670

Place: New Delhi  
Date: June 26, 2021

For & On behalf of the Board of Directors of  
Sadbhav Nainital Highway Private Limited

PATEL SHASHIN VISHNUBHAI  
Digitally signed by PATEL SHASHIN VISHNUBHAI  
Date: 2021.06.26  
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**Shashin Patel**  
Director  
DIN: 00048328

Nitinkumar Rameshchandra Patel  
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Date: 2021.06.26  
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**Nitin Patel**  
Director  
DIN: 00466330

Place: Ahmedabad  
Date: June 26, 2021

**Sadbhav Nainital Highway Private Limited**  
**CIN :: U45309GJ2016PTC091777**  
**Statement of Profit and Loss for the year ended March 31, 2021**

INR in Million

Particulars	Note No.	For the Year ended	
		March 31, 2021	March 31, 2020
<b>INCOME</b>			
I Revenue From Operations	17	21.00	692.83
II Other Income	18	254.07	262.20
III <b>Total Income (I+II)</b>		<b>275.06</b>	<b>955.03</b>
<b>EXPENSES</b>			
Construction Expense	19	0.25	676.83
Finance Cost	20	181.91	162.80
Other Expenses	21	20.75	16.00
IV <b>Total Expenses</b>		<b>202.91</b>	<b>855.63</b>
V <b>Profit /(Loss) For the Period (III-IV)</b>		72.16	99.40
VI <b>Tax expenses</b>	26		
Current tax		-	-
Deffered tax		18.46	37.45
Short/(Excess) Provision for earlier period		-	-
<b>Total tax expenses</b>		18.46	37.45
<b>Profit/(Loss) for the Period (V-VI)</b>		53.69	61.95
VII Other Comprehensive Income		-	-
VIII <b>Total Comprehensive Income for the Period, net of tax</b>		<b>53.69</b>	<b>61.95</b>
<b>Earning/(Loss) Per Share (Nominal Value of share INR 10/-)</b>			
Basic & Diluted ( Amount in INR)		53.69	61.95
<b>Significant Accounting Policies</b>	3		

Accompanying notes are an integral part of the financial statements

As per our report of even date

For Gianendar & Associates

Chartered Accountants

(Firm Regn No. 04661N)

SHASHANK  
AGRAWAL

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**Shashank Agrawal**

**Partner**

**Membership No. 536670**

**Place: New Delhi**

**Date: June 26, 2021**

**For & On behalf of the Board of Directors of  
Sadbhav Nainital Highway Private Limited**

PATEL  
SHASHIN  
VISHNUBHAI

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by PATEL  
SHASHIN  
VISHNUBHAI  
Date: 2021.06.26  
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**Shashin Patel**

**Director**

**DIN: 00048328**

Nitinkumar  
Rameshchandra  
Patel

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Rameshchandra  
Patel  
Date: 2021.06.26  
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**Nitin Patel**

**Director**

**DIN: 00466330**

**Place: New Delhi**

**Date: June 26, 2021**



**Sadbhav Nainital Highway Private Limited**  
**Cash Flow Statement For the year ended March 31, 2021**  
**CIN :: U45309GJ2016PTC091777**

Particulars	March 31, 2021 INR in Million	March 31, 2020 INR in Million
<b>(A) Cash flows from operating activities</b>		
Net Profit/ (Loss) before Tax	72.16	99.40
Adjustments to reconcile profit before tax to net cash flows:		
Net (Gain)/Loss on Mutual Fund	-	(0.03)
Amortised processing fees	2.08	2.09
Interest and other borrowing cost	179.83	125.49
<b>Operating profit before working capital changes</b>	<b>254.07</b>	<b>226.95</b>
<b>Working Capital Changes:</b>		
Decrease/(Increase) in other current financial assets	376.23	(394.76)
Increase/(Decrease) in other Non - Current Assets	(261.28)	(549.84)
Decrease/(Increase) in other current assets	64.32	(31.06)
Increase/(Decrease) in Trade payable	67.26	(235.79)
Increase/(Decrease) in provision	-	(1.64)
Increase/(Decrease) in other current liabilities	(428.15)	290.41
Increase/(Decrease) in other current Financial liabilities	(41.56)	33.58
<b>Cash generated/(used) in operating activities</b>	<b>30.90</b>	<b>(662.16)</b>
Direct taxes paid (net of income tax refund)	(0.07)	(5.82)
<b>Net cash (used) / generated in operating activities</b>	<b>(A) 30.82</b>	<b>(667.98)</b>
<b>(B) Cash Flows from investing activities</b>		
Investment in M.F	-	(22.50)
Redemption	-	22.53
<b>(B)</b>	<b>-</b>	<b>0.03</b>
<b>(C) Cash Flows from financing activities</b>		
Proceeds from Current borrowings	(0.00)	733.06
Sub Ordinate debt received	59.40	50.35
Interest and other borrowing cost paid	(91.03)	(117.31)
<b>Net cash (used) in financing activities</b>	<b>(C) (31.63)</b>	<b>666.10</b>
<b>Net increase in cash and cash equivalents</b>	<b>(A + B + C) (0.81)</b>	<b>(1.86)</b>
Cash and cash equivalents at beginning of the year	0.91	2.77
<b>Cash and cash equivalents at end of the year</b>	<b>0.10</b>	<b>0.91</b>

**Notes:**

(i) **Components of cash and cash equivalents (refer note 6)**

Cash on hand  
Balances with banks in current accounts  
**Cash and cash equivalents**

March 31, 2021 INR In Million	March 31, 2020 INR In Million
0.01	0.01
0.08	0.90
<b>0.09</b>	<b>0.91</b>

**Sadbhav Nainital Highway Private Limited**  
**Cash Flow Statement For the year ended March 31, 2021**

(INR In Million)

(ii) Reconciliation of Financial liabilities	As at March 31, 2020	Cash Flows	Interest Cost	Non-cash adjustment (Transaction Cost)	As at March 31, 2021
Long Term Borrowings	1,453.72	(0.00)	-	67.77	1,521.48
Short Term Borrowings	41.56	(41.56)	-	-	-
Sub Debt	501.31	59.40	-	-	560.71
Interest cost	82.31	(91.03)	181.91	(67.77)	105.43

(INR In Million)

Reconciliation of Financial liabilities	As at March 31, 2019	Cash Flows	Interest Cost	Non-cash adjustment (Transaction Cost)	As at March 31, 2020
Long Term Borrowings	718.58	733.06	-	2.09	1,453.72
Short Term Borrowings	41.56	-	-	-	41.56
Sub Debt	450.96	50.35	-	-	501.31

(iii) The cash flow statement has been prepared under indirect method as per Indian Accounting Standard -7 "Cash Flow Statement".

(iv) Figures in brackets represent outflows.

As per our report of even date

For Gianendar & Associates

Chartered Accountants

(Firm Regn No. 04661N)

**SHASHANK** Digitally signed by  
**AGRAWAL** SHASHANK AGRAWAL  
 Date: 2021.06.26  
 19:52:28 +05'30'

Shashank Agrawal

Partner

Membership No. 536670

Place: New Delhi

Date: June 26, 2021

For & On behalf of the Board of Directors of

Sadbhav Nainital Highway Private Limited

**PATEL** Digitally signed by  
**SHASHIN** PATEL  
**VISHNUBHAI** SHASHIN  
**I** VISHNUBHAI  
 Date: 2021.06.26  
 18:11:03 +05'30'

Shashin Patel

Director

DIN: 00048328

Place: Ahmedabad

Date: June 26, 2021

**Nitinkumar** Digitally signed by  
**Rameshchandra Patel** Nitinkumar  
 Rameshchandra  
 Patel  
 Date: 2021.06.26  
 15:55:56 +05'30'

Nitin Patel

Director

DIN: 00466330

**Sadbhav Nainital Highway Private Limited**  
**CIN :: U45309GJ2016PTC091777**  
**Statement of Changes in Equity for the year ended March 31, 2021**

<b>A Equity Share Capital</b>		<b>INR in Million</b>
<b>Equity Shares of INR 10 each issued, Subscribed and fully paid</b>	<b>No. of Shares</b>	<b>Amount</b>
At April 01, 2019	1,000,000	10.00
Changes during the year		
<b>At March 31, 2020</b>	1,000,000	10.00
Changes during the year	-	-
<b>At March 31, 2021</b>	1,000,000	10.00

**B Other Equity**

<b>Particulars</b>	<b>INR in Million</b>		
	<b>Equity Component of Compound Financial Instrument</b>	<b>Reserves and Surplus Retained Earning</b>	<b>Total equity attributable to equity holders of the Company</b>
<b>At April 01, 2019</b>	<b>450.96</b>	<b>75.12</b>	<b>526.08</b>
Changes during the year	50.35	61.95	112.30
<b>At March 31, 2020</b>	<b>501.31</b>	<b>137.07</b>	<b>638.38</b>
Profit for the year	-	53.69	53.69
Received during the year	59.40	-	59.40
<b>At March 31, 2021</b>	<b>560.71</b>	<b>190.76</b>	<b>751.47</b>

Accompanying notes are an integral part of the financial statements

As per our report of even date  
For Gianendar & Associates  
Chartered Accountants  
(Firm Regn No. 04661N)

**SHASHANK**  
**AGRAWAL**

Digitally signed by  
SHASHANK AGRAWAL  
Date: 2021.06.26  
19:53:17 +05'30'

**Shashank Agrawal**  
**Partner**  
**Membership No. 536670**

**Place: New Delhi**  
**Date: June 26, 2021**

**For & On behalf of the Board of Directors of  
Sadbhav Nainital Highway Private Limited**

**PATEL**  
**SHASHIN**  
**VISHNUBHAI**  
**AI**

Digitally signed  
by PATEL  
SHASHIN  
VISHNUBHAI  
Date: 2021.06.26  
18:11:39 +05'30'

**Shashin Patel**  
**Director**  
**DIN: 00048328**

**Place: Ahmedabad**  
**Date: June 26, 2021**

**Nitinkumar**  
**Rameshchandra**  
**Patel**

Digitally signed  
by Nitinkumar  
Rameshchandra  
Patel  
Date: 2021.06.26  
15:56:59 +05'30'

**Nitin Patel**  
**Director**  
**DIN: 00466330**

## **Sadbhav Nainital Highway Private Limited**

### **Notes to Financial statement for the year ended March 31, 2021**

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#### **1. Company information:**

Sadbhav Nainital Highway Private Limited ("the Company") is a private company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. It is wholly owned subsidiary of Sadbhav Infrastructure Project Limited which is listed on two recognized stock exchanges in India. The registered office of the company is located at "Sadbhav House", Opp. Law Garden Police Chowki, Ellis bridge, Ahmedabad-380006.

The Company was incorporated as a Special Purpose Vehicle (SPV) in May, 2016, to augment existing road from km 42.791 to km 88.00 (approximately 49.78 km) on the Rampur to Kathgodam Section of National Highway No. 87 in the state of Uttarakhand by Four-Laning thereof on Design, Built, Operate and Transfer ("DBOT Annuity" or "Hybrid Annuity") basis. As per the SCA, NHAI grants to the Company exclusive right, license and authority to construct, operate and maintain the project during the Construction Period of 910 days and Operation Period of 15 years commencing from COD.

The financial statements were authorized for issue in accordance with a resolution of the directors on June 26, 2021.

#### **2. Basis of preparation and presentation of financial statement:**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act 2013, (Ind AS compliant Schedule III), as applicable to financial statements. These financial statements have been prepared on a historical cost convention and on an accrual basis, except for the followings assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

The financial statements are presented in INR and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

#### **3. Summary of significant accounting policies**

The following are the significant accounting policies applied by the company in preparing its financial statements:

##### **3.1 Current versus non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial statement for the year ended March 31, 2021**

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All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

**Operating cycle**

The Operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its normal operating cycle.

**3.2 Service Concession Arrangement**

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.

**Financial Assets Model**

The Company recognizes the considerations given by the grantor i.e. National Highway Authority of India ('NHAI') in accordance with Appendix D-'Service Concession Arrangements' of Ind AS 115. The Company recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor of the contract for the construction services; the grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law

**3.3 Revenue from contract with customers**

Revenue from contract with customer is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The specific recognition criteria described below must also be met before revenue is recognized. The company has concluded that it is principal in its revenue arrangements because it typically controls services before transferring them to the customer.

**Construction services**

Revenue from construction services is recognized over a period as the customer simultaneously receives and consumes the benefits provided by the Company and measure revenue based on input method i.e.

**Sadbhav Nainital Highway Private Limited****Notes to Financial statement for the year ended March 31, 2021**

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revenue recognized on the basis of cost incurred to satisfaction of a performance obligation relative to the total expected cost to the satisfaction of that performance obligation. If the outcome of a performance obligation satisfied over time cannot be reasonably measured, revenue is calculated using the zero-profit method in the amount of the contract costs incurred and probably recoverable.

**Contract balances****Contract Assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs by transferring goods or services to a customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

**Contract Liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

**3.4 Other Income****Gain or loss on sale of Mutual Fund**

Gain or loss on sale of mutual fund is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of mutual fund and other incidental expenses.

**Interest**

For all debt instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

**Dividend**

Income from dividend on investment is accrued in the year in which it is declared, whereby right to receive is established.

**3.5 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 capitalized as

**Sadbhav Nainital Highway Private Limited****Notes to Financial statement for the year ended March 31, 2021**

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part of the cost of the asset. All other borrowing costs are expensed in the year they occur. Borrowing cost consist of interest and other costs that company incurs in connection with the borrowing of funds as defined in Indian Accounting Standard 23 – Borrowing Cost.

**3.6 Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as Lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office building that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**3.7 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****i. Initial recognition and measurement of financial assets**

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets that are not at fair value through profit or loss are added to the fair value on initial recognition. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date i.e. the date that the Company commits to purchase or sell the asset.

**ii. Subsequent measurement of financial assets**

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

- Financial assets at amortized cost
- Financial assets at fair value through profit or loss (FVTPL)

## Sadbhav Nainital Highway Private Limited

### Notes to Financial statement for the year ended March 31, 2021

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- Financial asset at fair value through other comprehensive income (FVTOCI)

- **Financial assets at amortized cost:**

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold financial 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 (SPPI) on the principal amount outstanding.

- **Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the above conditions mentioned in "Financial assets at amortized cost" are met. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

- **Financial asset at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Financial assets include within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

- **Financial assets at fair value through profit or loss:**

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

### iii. **De-recognition of financial assets**

A financial asset is de-recognized when the contractual rights to the cash flows from the financial asset expire or the Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.



**Sadbhav Nainital Highway Private Limited****Notes to Financial statement for the year ended March 31, 2021**

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**iv. Impairment of financial assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets. Expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

**b) Financial Liabilities****i. Initial recognition and measurement of financial liabilities**

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

All financial liabilities are recognized initially at fair value, in case of loan and borrowings and payable, fair value is reduced by directly attributable transaction costs.

**ii. Subsequent measurement of financial liabilities**

The measurement of financial liabilities depends on their classification, as described below:

**• Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses on changes in fair value of such liability are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss.

**• Financial liabilities at amortised cost (Loans and Borrowings)**

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

## **Sadbhav Nainital Highway Private Limited**

### **Notes to Financial statement for the year ended March 31, 2021**

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Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

- **Equity component of Compound financial instruments**

The Company has borrowed subordinate debt in nature of Sponsors contribution in the project as per requirement of loan agreement, which the company has classified in the other equity as the same is redeemable at the Company's option and without coupon as per terms of contract

- iii. **Derecognition of financial liabilities**

A financial liability (or a part of a financial liability) is derecognized from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or 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 the DE recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

- c) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company currently has enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **3.8 Fair Value Measurement**

The company measures financial instruments at fair value at each balance sheet date.

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

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

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

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

## **Sadbhav Nainital Highway Private Limited**

### **Notes to Financial statement for the year ended March 31, 2021**

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A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 price 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 recognized in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

### **3.9 Income tax**

Income tax expense comprises current tax and deferred tax.

#### **Current Tax**

**Sadbhav Nainital Highway Private Limited****Notes to Financial statement for the year ended March 31, 2021**

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Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current income tax is recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred Tax**

Deferred tax is provided using the balance sheet approach. Deferred tax is recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences excepts when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized excepts when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax in respect of timing difference which is reverse after the tax holiday period is recognized in the year in which the timing difference originate. However, the company restricts recognition of deferred tax assets to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. For recognition of deferred tax, the timing difference which originate first are considered to reverse first.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rules and tax laws that have been enacted or substantively enacted by the end of the reporting period.

**Sadbhav Nainital Highway Private Limited****Notes to Financial statement for the year ended March 31, 2021**

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Deferred tax assets and deferred tax liabilities are offset, where company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**3.10 Provisions**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, 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 or loss, net of any reimbursement, if any.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks 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. Provision are reviewed at each balance sheet and adjusted to reflect the current best estimates.

**3.11 Contingent liabilities**

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. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liabilities are reviewed at each balance sheet date.

**3.12 Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with on original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered as integral part of the Company's cash management.

**3.13 Earnings per share**

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

**Sadbhav Nainital Highway Private Limited****Notes to Financial statement for the year ended March 31, 2021**

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Diluted earnings per share is calculated by dividing the profit / loss attributable to equity holders of the company by the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**3.14 Segment reporting**

Based on management approach as defined in Indian Accounting Standard 108 – Operating Segment, Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker for evaluation of Company's performance.

**4. Significant accounting judgements, estimates and assumptions**

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Taxes**

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

**Revenue from contract with customer**

The Company use the input method for recognize construction revenue. Use of the input method require the company to estimate the efforts or costs expended to the date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress toward completion of performance obligation as there is a direct relationship between input and productivity. Provision for estimated losses, if any, on uncompleted performance obligation are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

<b>5</b>	<b>Receivable under Service Concession Arrangements</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
		<b>INR in Million</b>	<b>INR in Million</b>
	<u><b>Non Current</b></u>		
	Receivable from NHAI	2,210.86	1,949.58
	<u><b>Current</b></u>		
	Receivable from NHAI	545.58	942.83
		2,756.43	2,892.41
	<b>Total</b>	<b>2,756.43</b>	<b>2,892.41</b>
	Note: Fair value disclosures for financials assets are given in note 29		
<b>6</b>	<b>Cash and Cash Equivalents</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
		<b>INR in Million</b>	<b>INR in Million</b>
	Cash in Hand	0.01	0.01
	Balance with Banks		
	in current accounts	0.08	0.90
	<b>Total</b>	<b>0.09</b>	<b>0.91</b>
	Note: Balances with banks include balance of INR 0.04 Million (March 31,2020 INR 0.75 Million) Lying in the escrow accounts as per terms of borrowings with the lenders.		
<b>7</b>	<b>Other current financial assets</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
		<b>INR in Million</b>	<b>INR in Million</b>
	Interest receivable from bank due to excess payment	0.71	0
	Interest receivable on Mobilisation advance to SEL (refer note 24)	78.93	61.14
	With held amount by NHAI	3.71	1.18
		<b>83.34</b>	<b>62.31</b>
<b>8</b>	<b>Other current asset</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
		<b>INR in Million</b>	<b>INR in Million</b>
	Mobilisation advance to SEL (refer note 24)	387.47	387.47
	Balance with govt authorities-GST receivable	208.60	272.90
	Advance to vendors	0.00	0.02
	<b>Total</b>	<b>596.07</b>	<b>660.39</b>
<b>9</b>	<b>Current tax assets</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
		<b>INR in Million</b>	<b>INR in Million</b>
	Tax credit receivable	1.88	1.80
	<b>Total</b>	<b>1.88</b>	<b>1.80</b>

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

10 Equity Share Capital	March 31, 2021		March 31, 2020	
	No. of shares	INR in Million	No. of shares	INR in Million
<b>Authorized Share Capital</b>				
Equity Shares of INR 10 each	10 00 000	10.00	10 00 000	10.00
	<b>10 00 000</b>	<b>10.00</b>	<b>10 00 000</b>	<b>10.00</b>
<b>Issued, Subscribed and fully paid up</b>				
Equity Shares of INR 10 each	10 00 000	10.00	10 00 000	10.00
<b>Total</b>	<b>10 00 000</b>	<b>10.00</b>	<b>10 00 000</b>	<b>10.00</b>

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

Particulars	March 31, 2021		March 31, 2020	
	No. of shares	INR in Million	No. of shares	INR in Million
At the beginning of the year	10 00 000	10.00	10 00 000	10.00
Add: Issue during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>10 00 000</b>	<b>(167.30)</b>	<b>10 00 000</b>	<b>10.00</b>

(b) **Terms/Rights attached to the equity shares:**

The Company has only one class of shares referred to as equity shares having a par value of INR 10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive the residual assets of the Company, after distribution of all preferential amounts. However, currently no such preferential amount exists. The amount to be distributed will be in proportion to the number of equity shares held by the shareholders.

(c) **Share held by holding Company:**

All 10,00,000 shares issued, subscribed and paid up equity capital are held by Sadbhav Infrastructure Project Limited- holding company and its nominees.

(d) **Number of Shares held by each shareholder holding more than 5% Shares in the company**

Name of Shareholder	March 31, 2021		March 31, 2020	
	No. of shares	% of shareholding	No. of shares	% of shareholding
<b>Equity Shares of INR 10 each fully paid</b>				
Sadbhav Infrastructure Project Ltd and its Nominees	1,000,000	100	1,000,000	100
<b>Total</b>		<b>100</b>		<b>100</b>

As per the records of the company, including its registers of shareholders/member and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.



**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

<b>11 Other Equity</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>INR in Million</b>	<b>INR in Million</b>
<b>Equity Component of Compound Financial Instrument*</b>		
Beginning of the Year	501.31	450.96
Change during the year	59.40	50.35
	560.71	501.31
<b>Retained Earning</b>		
(Deficit) at the beginning of the Year	137.07	75.12
Add: Net Profit/ (Loss) after tax transferred from Statement of Profit and Loss	53.69	61.95
(Deficit) at the end of the Year	190.76	137.07
<b>Total</b>	<b>751.47</b>	<b>638.38</b>

**Note**

- 1 The Project of the Company has been funded through sub ordinate debt from the Sponsors in accordance with Sponsor Support and Equity Contribution Agreement / Sponsor Undertaking. As per Common Loan Agreement, such sub ordinate debts is considered as sponsor's contribution to ensure Promotors commitment for the project as per Common Loan Agreement. Sub-ordinate debt is interest free and shall be repayable at the option of the company at the end of the concession period or earlier.

<b>12 Long Term Borrowings</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>INR in Million</b>	<b>INR in Million</b>
<b><u>Secured</u></b>		
From Bank	1,153.01	1,101.72
From Financial Institution	368.47	352.00
<b>Total (A)</b>	<b>1,521.48</b>	<b>1,453.72</b>
<b><u>Less: Current maturities of non-current borrowing</u></b>		
<b><u>Secured</u></b>		
From Bank	-	113.45
From Financial Institution	-	35.40
<b>Total (B)</b>	<b>-</b>	<b>148.85</b>
<b>Total (A-B)</b>	<b>1,521.48</b>	<b>1,304.87</b>

**(i) Nature of Security:**

The details of Security in respect of long term borrowings are as under:

- 1 first mortgage and charge on all the Company's immovable (investment) properties, both present and future, save and except the Project Assets;
- 2 first charge on all the Company's tangible moveable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future, save and except the Project Assets;
- 3 first charge over all accounts of the Company including the Escrow Account and the Sub-Accounts (or any account in substitution thereof) that may be opened in accordance with Common Rupee Loan Agreement and the Supplementary Escrow Agreement, or any other Project Documents including but not limited to DSR and MMR and all funds from time to time deposited therein, including those arising out of realisation of Receivable and all Permitted Investments or other securities representing all amounts credited thereto.
- 4 first charge on all intangibles assets of the Company including but not limited to goodwill, rights, undertakings and uncalled capital present and future excluding the Project Assets .

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

- 5 first charge on assignment by way of security in:
- all the right, title, interest, benefits, claims and demands whatsoever of the Company in the Project Documents;
  - the right, title and interest of the Company in, to and under all the Clearances;
  - all the right, title, interest, benefits, claims and demands whatsoever of the Company in any letter of credit, guarantee
  - all the right, title, interest, benefits, claims and demands whatsoever of the Company under all Insurance Contracts.
- 6 pledge of 51% (fifty one percent) of the paid up and voting equity share capital of the Company as held by Sadbhav Infrastructure Project Limited, for a year up to repayment of entire borrowings.
- 7 the aforesaid mortgages, charges, assignments and guarantees and the pledge of equity shares as stipulated in paragraph 6 above shall in all respects rank pari-passu inter-se amongst the lenders. In accordance with the concession agreement, without any preference or priority to one over the other or others.

**(ii) Terms of Repayment:**

**Rupee Term Loans from Bank:**

The Company had requested for extension of Schedule Commercial Operation Date (SCOD) to the lender for delay in completion of work for the reasons not attributed to the Company. Considering extension of time given by NHAI for milestone achievement, the lenders have granted extension of SCOD with matching deferment of repayment schedule. Accordingly the first repayment date of loan which was earlier April 30, 2019 has been deferred to 28 May ,2022 and the tenor of loan has been extended from 17 years to 18 years.

The Principal Amounts of the Loan to each of the Lenders shall be repayable in 28 structured Bi-Annually instalments, commencing from the May 28, 2022 and last date of Instalment is Novemeber 28, 2035.

Term loans carry interest at bank base rate plus spread i.e. 9.87 per cent per annum as on March 31, 2021.

**(iii) Loan defaults**

The company has defaulted in the payment of dues to the banks , which is stated as below.

Rs. in Million			
Name of Bank	Due on Feb 2021	Due on March 2021	Total
Bank Of India	-	0.78	0.78
Dena Bank	1.37	3.21	4.58
Indusind Bank		2.98	2.98
Punjab National Bank		1.32	1.32
<b>Total</b>	<b>1.37</b>	<b>8.29</b>	<b>9.66</b>

**13 Short Term Borrowings**

	March 31, 2021 INR in Million	March 31, 2020 INR in Million
<b>Loans Repayable on Demand - Unsecured</b>		
Loan from Holding Company (refer note24)	-	41.56
<b>Total</b>	<b>-</b>	<b>41.56</b>

\*Loan is repayable on demand / call notice from the lender and it carry interest of 9.60% per annum compounded monthly.

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

<b>14 Trade Payables</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>INR in Million</b>	<b>INR in Million</b>
Trade Payable (refer note 28)		
-Dues to micro & small enterprises*	7.91	-
-Dues to others	9.93	8.88
-Dues to related parties (refer note 24)	613.56	555.26
<b>Total</b>	<b>631.40</b>	<b>564.14</b>
<p>*There have been no claimed transactions during the year with Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006.</p>		
<b>15 Other Current Financial Liabilities</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>INR in Million</b>	<b>INR in Million</b>
Current maturities of non-current borrowing (refer note 12)	-	148.85
Interest accrued to NHAI	82.91	73.24
Interest accrued to bank	9.67	-
Interest accrued to related parties (refer note 24)	12.85	9.08
<b>Total</b>	<b>105.43</b>	<b>231.16</b>
<b>16 Other Current Liability</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>INR in Million</b>	<b>INR in Million</b>
Statutory dues	2.91	4.72
Mobilisation advance from NHAI	359.23	785.57
<b>Total</b>	<b>362.14</b>	<b>790.29</b>

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

<b>17 Revenue From Operations</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>INR in Million</b>	<b>INR in Million</b>
Construction Contract Revenue (Notional)	20.75	678.66
Utility Shifting Income	0.25	14.17
<b>Total</b>	<b>21.00</b>	<b>692.83</b>

**Revenue from contract with customers**

**17.1 Disaggregated revenue information**

Having regard to the nature of contract with customer, there is only one type of category of revenue , hence disclosure of disaggregation of revenue is not given.

**17.2 Recievable under concession arrangement and contract balances**

The company classifies the right to consideration in exchange for deliverables as either receivable or unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenue for such services are recognised as related services are performed . Revenue in excess of billings is recorded as unbilled revenue and is classified as financial asset for those cases as right to consideration is unconditional as passage of time.Invoicing to the customer is based on milestones as defined in the contract.

**17.3 The transaction price allocated to the remaining performance obligations (unsatisfied or**

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31,2021 is Rs.5171.75 Millions. Out of this the Company expect to recognise revenue around Rs. 3029.17 Millions in next year and remaining thereafter. Remaining performance obligation estimates are subject to change and affected by several factors including terminations , change of scope of contracts, occurrence of same is expected to be remote.

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

<b>18 Other Income</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>INR in Million</b>	<b>INR in Million</b>
Notional finance income	236.27	237.81
Gain/Loss on MF	-	0.03
Interest Income	17.80	24.36
<b>Total</b>	<b>254.07</b>	<b>262.20</b>
<b>19 Construction Expenses</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>INR in Million</b>	<b>INR in Million</b>
Road Maintenance Expense (refer note 24)	-	538.60
Utility shifting expense (refer note 24)	0.25	14.17
Price Escalation Expense - WPI	-	124.06
<b>Total</b>	<b>0.25</b>	<b>676.83</b>
<b>20 Finance Cost</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>INR in Million</b>	<b>INR in Million</b>
Interest on Short Term Loan	4.08	4.65
Interest on Long Term Loan	159.70	116.84
Interest on Mobilisation advance	17.47	37.31
Other borrowing Cost	0.66	4.00
<b>Total</b>	<b>181.91</b>	<b>162.80</b>
<b>21 Other Expenses</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>INR in Million</b>	<b>INR in Million</b>
Rent	1.06	1.06
Rates & taxes	0.01	0.02
Auditor Remuneration - Statutory Audit	0.55	0.07
Professional Fees & Expenses	17.80	14.17
Travelling & Conveyance expense	-	0.09
Miscellaneous expense	1.33	0.58
<b>Total</b>	<b>20.75</b>	<b>16.00</b>
<b>21.1 Payment to auditors:</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>INR in Million</b>	<b>INR in Million</b>
as Statutory Auditor	0.42	0.07
for other Services	0.13	-
<b>Total</b>	<b>0.55</b>	<b>0.07</b>
<b>21.2 Details of Corporate social responsibility expenditure</b>		
<b>Particulars</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>INR in Million</b>	<b>INR in Million</b>
A. Gross amount required to be spent by the Company	1.33	-
B. Amount spent during the year		
(i) Construction/acquisition of any assets		
(ii) For purpose other than (i) above	1.33	-

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

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**22 Earning Per Share (EPS):**

Loss per share is calculated by dividing the net loss attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under :

<b>Particulars</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Net (Loss) as per Statement of Profit & Loss (INR in Million)	53.69	61.95
Total no. of equity shares at the end of the year	10 00 000	10 00 000
Weighted average of number of equity shares outstanding during the Period	10 00 000	10 00 000
Nominal value of equity shares	10	10
<b>Basic &amp; Diluted (Loss) per share IN INR</b>	<b>53.69</b>	<b>61.95</b>

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

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**23 Disclosure pursuant to Appendix - D to Ind AS 115 - "Revenue from Contract with Customer"**

**(I) Description and classification of the arrangement**

The Company has entered into Service Concession Agreement ('SCA') with National Highway Authority of India (NHAI) dated June 02, 2016 for the purpose of augmenting the existing road from km 42.791 to km 88.00 (approximately 49.78 km) on the Rampur to Kathgodam Section of National Highway No. 87 in the state of Uttarakhand by Four-Laning thereof on Design, Built, Operate and Transfer ("DBOT Annuity" or "Hybrid Annuity") basis. As per the SCA, NHAI grants to the Company exclusive right, license and authority to construct, operate and maintain the project during the Construction Period of 910 days and Operation Period of 15 years commencing from COD.

**(II) Significant Terms of the Arrangements**

**(a) Bid Project Cost:-**

The cost of the construction of the project which is due and payable by NHAI as on the Bid date is considered as the bid project cost under the concession agreement. The bid project cost has been finalised as INR 6570.00 Million as at the bid date. Bid project cost is inclusive of the cost of construction, interest during construction, working capital, physical contingencies and all other costs, expenses and charges for and in respect of the construction of the project.

**(b) Payment of Bid Project Cost:-**

40% of the Bid Project Cost, adjusted for the Price Index Multiple, shall be due and payable to the company in 5 equal installments of 8% each during the Construction Period in accordance with the provisions of Clause 23.4 of the SCA.

The remaining Bid Project Cost, adjusted for the Price Index Multiple, shall be due and payable in 30 biannual installments commencing from the 180th day of COD in accordance with the provision of Clause 23.6 of the SCA.

Interest shall be due and payable on the reducing balance of Completion Cost at an interest rate equal to the applicable Bank Rate plus 3%. Such interest shall be due and payable biannually along with each installment specified in Clause 23.6.3 of SCA.

**(c) Bonus on early completion:-**

The SCA also provides for the payment of Bonus to the company in the event the COD is achieved on or more than 30 days prior to the schedule completion date.

**(d) Operation & Maintenance Payments:-**

All Operation and Maintenance expenditure shall be borne by the concessionaire. However, as provided in SCA, the company shall be entitled to received lump sum financial support in the form of biannual payments by the NHAI, which shall be computed on the amount quoted in the O&M bid. Each installment of O&M payment shall be the product of the amount determined in accordance with clause 23.7.1 of the SCA and the price index multiple on the reference index date preceding the due date of payment thereof.

**(e) Termination of the SCA:-**

SCA can be terminated on account of default of the company or NHAI in the circumstances as specified under article 37 of the SCA.

**(f) Restriction on assignment and charges:-**

In terms of the SCA the company shall not assign, transfer or dispose of all or any rights and benefits under SCA or create any encumbrances thereto except with prior consent of NHAI.

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

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**(g) Changes in SCA:-**

The company has received approval of Negative change of scope of Rs.968.90 Million on account of De-scoping of work on October 16, 2019

**(i) Forec Majeure Event:**

As per the Concession Agreement; the Concessionaire, in case any force majeure event occurs before COD, is eligible to get the extension of time for a period equal in length to the duration for which the force majeure event subsist. Refer note no.38 in relation to extension of concession agreement due to Covid-19 pandemic.

**(j) Extention of Time:**

Company had requested for extension of schedule time of various milestones and commercial operation date. The extension was applied for delay in completion of work for reasons not attributable to the company. The independent consultant of the project has evaluated the facts and recommended interim extension of time in milesone including schedule COD.

- (k)** There is delay in physical work progress as at March 31, 2021 due to delay in handing over the land from Authority (NHAI) and nationwide lockdown due to Covid-19. Currently sponsor is supporting for smooth execution of the project and simultaneously is in discussion with the NHAI for extension of concession period including construction period. Considering the current situation, the management is confident that necessary approvals relating to extension of concession period including construction period will be received from Concessioners and no consequences is envisaged under term of concession agreement.



**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

**24 Related Party Disclosures:**

Related party disclosures as required under the Indian Accounting Standard (AS) – 24 on “Related Party Disclosures” are given below:

**(I) Name of the related parties and description of relationship :**

Sr. No	Description of Relationship	Name of the Related Party
<b>(A)</b>	<b>Enterprises having control:</b>	
	Ultimate Holding Company	Sadbhav Engineering Limited (SEL)
	Holding Company	Sadbhav Infrastructure Project Limited (SIPL)

(II) Transactions with Related Parties during the Year:	(INR in Million)	(INR in Million)
No. Particulars	March 31, 2021	March 31, 2020
<b>(i)</b> Equity share Capital issued		
-SIPL & its nominees	-	-
<b>(ii)</b> Unsecured Loan paid		
-SIPL	41.56	-
<b>(iii)</b> Sub-debt Received		
-SIPL	59.40	50.35
<b>(iv)</b> Interest on Unsecured Loan		
-SIPL	4.08	4.65
<b>(v)</b> Rent & Reimbursement of Expenses		
-SEL	1.06	1.06
<b>(vi)</b> EPC & change of scope Expense		
-SEL	0.25	676.83
<b>(vii)</b> Operating and Maintenance Expense		
-SIPL	-	-
<b>(viii)</b> Reimbursement of Expenses		
-SIPL	8.65	0.02
<b>(ix)</b> Mobilisation Advance given		
-SEL	-	35.28
<b>(x)</b> Mobilisation Advance adjusted against EPC		
-SEL	-	90.48
<b>(xi)</b> Interest Income on Mobilization Advance		
-SEL	17.80	24.36

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

<b>(III) Balance outstanding as at the Year end:</b>		<b>(INR in Million)</b>	<b>(INR in Million)</b>
<b>No.</b>	<b>Particulars</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>(i)</b>	Equity Share Capital		
	-SIPL & its nominees	10.00	10.00
<b>(ii)</b>	Unsecured Loan		
	-SIPL	-	41.56
<b>(iii)</b>	Sub-debt		
	-SIPL	560.71	501.31
<b>(iv)</b>	Interest Payable		
	-SIPL	12.85	9.08
<b>(v)</b>	Payable towards Performance of EPC & Maintenance Contracts (Including Utility Shifting and Variation)		
	-SEL	376.05	391.45
<b>(vi)</b>	Payable towards Office Rent & Reimbursement		
	-SEL	68.01	3.15
<b>(vii)</b>	Payable towards Operating, Maintenance & Reimbursement of Expenses		
	-SIPL	169.31	160.66
<b>(viii)</b>	Mobilization Advance		
	-SEL	387.47	387.47
<b>(ix)</b>	Interest Receivable on Mobilization Advance		
	-SEL	78.93	61.14

There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

**(IV) Terms and conditions of the balance outstanding:**

1. The transactions with 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 excepts short term loan and settlement occurs in cash as per the terms of the agreement.
2. Loans in INR taken from the related party carries interest rate 9.60%.
3. The Company has not provided any commitment to the related party as at March 31, 2021

**25 Disclosure for Ind AS-116 "Leases"**

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified new Ind AS on leases, Indian Accounting Standard (Ind AS) 116 applicable from April 1, 2019. Ind AS 116 has been implemented w.e.f. April 1, 2019 and the associated disclosure requirements are applicable for financial statements for the year ended March 31, 2020. As per the Standard it is optional to apply the standard for short term leases. Since the lease agreements are for short term period, The Company has availed the exception of short term leases. Apart from this, there are no other assets taken on lease.

Total amount of lease payments towards short term leases is Rs.1.06 Mn and shown as expense in the profit & Loss statement.

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

**26 Income Tax Expenses**

The major components of income tax expenses for the year ended March 31, 2021 are as under:

**(a) Profit and Loss Section**

	March 31, 2021 INR in Million	March 31, 2020 INR in Million
Current tax	-	-
Deferred tax	18.46	37.45
Short/(Excess) Provision for earlier period	-	-
<b>Total</b>	<b>18.46</b>	<b>37.45</b>

**(b) A Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:**

Particulars	March 31, 2021 INR in Million	March 31, 2020 INR in Million
Accounting profit before tax	72.16	99.40
Statutory Income tax rate	25.17%	25.17%
Expected Income tax expenses	18.16	25.02
<b>Tax Effect of adjustments to reconcile expected</b>		
<b>Income tax expenses to reported income tax expenses</b>		
Tax effect of non taxable items	136.69	70.39
Tax effect of loss of earlier years	(98.96)	(57.96)
Others	-	-
<b>Income tax expenses as per normal tax rate</b>	<b>55.89</b>	<b>37.45</b>
<b>Consequent to reconciliation items shown above, the effective tax rate</b>	<b>77.46%</b>	<b>37.68%</b>

**Note:**

The company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as an introduction of the Taxation Laws (Amendment) Ordinance, 2019 (the Ordinance) on September 20, 2019 and availed an option to pay taxed at reduced rate of 22% (plus surcharge and cess) for

**(c) Deferred Tax**

The movement in deferred tax assets and liabilities during the year ended March 31, 2021

Particulars	INR in Million			
	Balance sheet	Statement of Profit and Loss	Balance sheet	Statement of Profit and Loss
	March 31, 2021	March 31, 2021	March 31, 2020	March 31, 2020
<b>Deferred tax (liability)/assets</b>				
Unused losses available for offsetting against future taxable income	(154.85)	(154.85)	(95.38)	(95.38)
Temporary Differences	98.96	98.96	57.94	57.94
<b>Total deferred tax expenses /(Income)</b>		<b>(55.89)</b>		<b>(37.45)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>(55.89)</b>		<b>(37.45)</b>	

**27 Segment Reporting**

**Basis for Segmentation**

In accordance with the requirements of Ind AS-108 'Segment Reporting', the Company is primarily engaged in a business of civil construction and has no other primary reportable segments. The Managing Director of the Company allocate the resources and assess the performance of the Company, thus he is the Chief Operating Decision Maker (CODM). The CODM monitors the operating results of the business as single segment, hence no separate segment needs to be disclosed.

**Information About Geographical Areas**

As the Company operates in India only, hence no separate geographical segment is disclosed.

**Information About Major Customers**

Revenue of the Company derived from single customer (NHAI) which amounts to 10% or more of the Company's revenue.

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

- 28 There are Micro, Small and Medium Enterprises, to whom the company owes dues, which are not outstanding for more than 45 days from the date of acceptance and booking till at the balance sheet date as under.

	Particulars	As on	
		March 31, 2021	March 31, 2020
1	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	7.91	-
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at	-	-
3	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year		
4	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
5	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
6	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
7	Further interest remaining due and payable for earlier years	-	-

**29 Financial Instruments**

**(I) Disclosure of Financial Instruments by Category**

(INR in Million)

Financial instruments by categories	Note no.	March 31, 2021			March 31, 2020		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
<b>Financial Asset</b>							
Cash On Hand	6	-	-	0.01	-	-	0.01
Balance with Banks	6	-	-	0.08	-	-	0.90
Receivable from NHAI	5	-	-	2,756.43	-	-	2,892.41
Other Financial Assets	7	-	-	83.34	-	-	62.31
<b>Total Financial Assets</b>		-	-	<b>2,839.86</b>	-	-	<b>2,955.63</b>
<b>Financial Liabilities</b>							
Non current borrowings	12	-	-	1,521.48	-	-	1,453.72
Loan From Holding Company	13	-	-	-	-	-	41.56
Trade Payable	14	-	-	631.40	-	-	564.14
Interest accrued and due on borrowings	15	-	-	105.43	-	-	82.31
<b>Total Financial Liabilities</b>		-	-	<b>2,258.31</b>	-	-	<b>2,141.73</b>

**(II) Fair value disclosures for financial assets and financial liabilities**

- a. The management assessed that the fair values of cash and cash equivalents, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- b. The carrying value of Company's interest-bearing borrowings are reasonable approximations of fair values as the borrowing are carries floating interest rate.
- c. All resulting fairvalue estimates of above financial assets and liabilities are considered to be Level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

**30 Financial Risk Management**

**Financial instruments risk management objectives and policies**

- (I) The Company's principal financial liabilities comprise borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include other receivables and cash and bank balance that derive directly from its operations.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

**(II) 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. Financial instruments affected by market risk include borrowings, Investments, other receivables, trade and other payables and derivative financial instruments.

**(III) Interest Rate Risk**

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest.

**The Company's exposure to interest rate risk due to variable interest rate borrowings is as follows:**

Particulars	(INR in Million)	
	31.03.2021	31.03.2020
Variable rate borrowings in INR	1,521.48	1,453.72

**Sensitivity analysis based on average outstanding term loan borrowings:**

**Particulars**

Increase or decrease in interest rate by 100 basis point\*

\* Profit will increase in case of decrease in interest rate and vice versa

March 31, 2020	March 31, 2019
15.21	14.54

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

**(IV) Liquidity Risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys cash management system. It maintains adequate sources of financing including debt at an optimised cost.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(INR in Million)						
Particulars	Carrying Amount	On Demand	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>As at March 31, 2021</b>						
Non Derivative Financial Liability						
Long term Borrowings	1,545.64		-	148.85	694.74	702.05
Short term Borrowings*	-	-				
Trade Payables	631.40		631.40			
Other current financial liabilities	105.43		105.43			
<b>As at March 31, 2020</b>						
Non Derivative Financial Liability						
Long term Borrowings	1,479.96		148.85	158.63	536.11	636.37
Short term Borrowings*	41.56	41.56				
Trade Payables	564.14		564.14			
Other Payables	82.31		82.31			

\* Short term borrowings are payable on demand

**(V) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed to credit risk from its operating activities as the company will receive annuity fees from National Highway Authority of India and does not have any outstanding receivables.

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

**31 Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium, Other equity in form of Subordinate Debt, all other reserves attributable to the equity holders of the Company and short term unsecured loans for short fall in cash flow.

The Company's objective for capital management is to maximize shareholder value and safeguard business continuity.

The Company determines the capital requirement based on annual operating plans and other strategic plans. The funding requirements are met through equity share capital, equity in form of subordinate debt and operating cash flows generated.

The sponsor (SIPL) has also enter into Suponsor Support Agreement to support the company for capital requirement in case of cost over run and short fall in cash flow.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or obtained additional sub-ordinate debts. The Company monitors capital using debt equity ratio which does not exceed 4:1, which is total Borrowings divided by total equity excluding balance of deficit in statement of profit & loss.

The key performance ratios as at 31 March are as follows:

	INR in Million	
	March 31, 2021 INR in Million	March 31, 2020 INR in Million
Short term Borrowing (refer note 13 )	-	41.56
Borrowings (refer note 12 )	1,521.48	1,453.72
<b>Total Debt - A</b>	<b>1,521.48</b>	<b>1,495.28</b>
Equity share Capital (refer note 10)	10.00	10.00
Other Equity (refer note 11)	751.47	638.38
<b>Total Equity - B</b>	<b>761.47</b>	<b>648.38</b>
<b>Debt to Equity Ratio - (A/B)</b>	<b>2.00</b>	<b>2.31</b>
<b>Capital Commitments towards pending EPC vlaue</b>	<b>March 31, 2021 INR in Million</b>	<b>March 31, 2020 INR in Million</b>
Pending EPC value with SEL	2,079.05	2,079.05
Mobilisation advances	(387.47)	(387.47)
<b>Net Commitment</b>	<b>1,691.58</b>	<b>1,691.58</b>

The company does not have any externally imposed capital requirement.

**32 Disclosure Pursuant to Ind AS-19 "Employee Benefits"**

Disclosure under Ind AS-19 is not applicable on the company.

**33 Impairment of Financial Assets**

The credit risk on the financial assets has not increased since the initial recognition, therefore company measure the loss allowance for the financial assets at an amount equal to 12 month expected credit losses. Since the financial assets are expected to be realised within the contractual period of the invoice raised, as such, there is no ECL (expected credit loss) envisaged in the value of financial assets under SCA (Service Concession agreement) by the management.

**34**

The Company does not have any transaction to which the provision of Ind AS-2 relating to "Valuation of Inventories" applies.

**Sadbhav Nainital Highway Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2021**

- 35** In the opinion of the Board, the current assets, loans & advances, have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
- 36** There were no litigation pending against the company which could be materially impact its financial position as as on March 31, 2021. (March 31, 2020 : NIL)
- 37 Contingent Liabilities and Capital Commitments**  
There are no contingent liabilities against the Company as on March 31, 2021. (March 31, 2020 : NIL)
- 38** The Outbreak of Covid-19 pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The operations gradually resumed with requisite precautions in the phased manner as per directives issued by NHAI and by ensuring compliance with preventive measures in terms of guidelines/ instruction issued by Govt. of India to contain spread of Covid-19. The company has availed the relief provided by its lenders by way of moratorium on principal and interest repayments. The Ministry of Road Transport and Highways, in consonance of the circular of Ministry of Finance under Atmanirbhar Bharat, has approved and extent the relief to the Contractor/Developers of the Road Sector. Accordingly, extension of time for meeting the work obligation under the contract will be given depending upon the site condition. The Company is in the process to avail the extension of time due to Covid-19 pandemic.

The management has assessed internal and external sources of information up to date of the approval of these financial statements in assessing the recoverability of assets, liquidity, financial position and operation of company including the impact on estimated construction cost to be incurred towards projects under execution and based on the management's assessment, there is no material impact on the financial statements of the company.

Considering the uncertainty involved in estimating the impact of pandemic, the future impact of this pandemic may be different from those estimated as on the date of approval of these financial statements. The Company continues to monitor the economic effects of the pandemic while taking steps to improve its execution efficiencies and the financial outcome.

- 39** Previous year figures have been regrouped/reclassified wherever necessary, to facilitate comparability with current year's classification.

**Accompanying notes are an integral part of the financial statements**

**As per our report of even date**  
**For Gianendar & Associates**  
**Chartered Accountants**  
**(Firm Regn No. 04661N)**

SHASHANK  
AGRAWAL

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SHASHANK AGRAWAL  
Date: 2021.06.26  
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**Shashank Agrawal**  
**Partner**  
**Membership No. 536670**

**Place: New Delhi**  
**Date: June 26, 2021**

**For & On behalf of the Board of Directors of**  
**Sadbhav Nainital Highway Private Limited**

PATEL  
SHASHIN  
VISHNUBH  
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Date: 2021.06.26  
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**Shashin Patel**  
**Director**  
**DIN: 00048328**

Nitinkumar  
Rameshch  
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Rameshchandra  
Patel  
Date: 2021.06.26  
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**Nitin Patel**  
**Director**  
**DIN: 00466330**

**Place: Ahmedabad**  
**Date: June 26, 2021**