INDEPENDENT AUDITOR'S REPORT

To the Members of Gurgaon Sohna Highway Private Limited
Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Gurgaon Sohna Highway Private Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and loss, changes in equity and its cash flows for the period 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 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 Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report for the year ended March 31, 2019.

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Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these 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 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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.

S K Podia & Associates
Chartered Accountants
FRN 112723W
JAIPUR

- 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

S.K. Patodia & Associates
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Chartered Accountants

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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 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.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S K Patodia & Associates
Chartered Accountants
Firm Registration Number: 112723W

CA Vikas Tambi
Partner
Membership Number: 408970

Place: Jaipur
Date: 17/05/2019

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

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over the year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.

(c) As per the records examined by us, the Company does not have any immovable property. Accordingly, the provisions of Clause 3(i)(c) of the Order are not applicable to the Company.

ii. The Company does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. The Company has not granted any unsecured loan, to the companies covered in the register maintained under Section 189 of the Companies Act, 2013. The company also has not granted any secured or unsecured loans to firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act.

iv. In our opinion and according to the information and explanation given to us, the Company has not given any loan, guarantee or security in respect of loans or made investments, as per the provisions of section 185 and 186 of the Companies Act, 2013.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.

vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section(1) of section 148 of the Companies Act.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, goods & service tax, duty of customs, duty of excise, value added tax, and other material statutory dues, as applicable, with the appropriate authorities.

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

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any money by way of initial public offer or further

S.K. Kothari & Associates FRN 12723W JAIPUR Chartered Accountants public offer (including debt instruments) and term loans during the period. Accordingly, provisions of Clause 3(ix) of the Order are not applicable to the company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the period, nor have we been informed of any such case by the Management.

xi. The Company has not paid / provided any managerial remuneration during the period and accordingly the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act are not applicable.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. In our opinion and as per information and explanations provided to us by management all the transactions with the related parties are in compliance with the provisions of sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review. Accordingly the provisions of clause 3(xiv) of the order are not applicable to the Company.

xv. According to the records of the Company examined by us and the information and explanation given to us, the company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For S K Patodia & Associates
Chartered Accountants
Firm Reg. Number: 112723W

S.K. Patodia & Associates
FRN 112723W
JAIPUR
Chartered Accountants

CA Vikas Tambi
Partner
Membership No. : 408970

Place: Jaipur
Date: 17/05/2019

Annexure B to the Independent Auditor's Report
Referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Gurgaon Sohna Highway Private Limited

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

1. We have audited the internal financial controls over financial reporting of Gurgaon Sohna Highway Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation, and maintenance of adequate internal financial controls which were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and both issued by issued by the Institute of Chartered Accountants of India (ICAI).Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exist, 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 risk of material misstatement of the financial statement, whether due to fraud or error.
5. 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 over financial reporting with reference to these financial statements.

S.K. Patodia & Associates
FRN 112723W
JAIPUR
Chartered Accountants

Annexure B to the Independent Auditor's Report

Referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Gurgaon Sohna Highway Private Limited

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

6. A company's internal financial controls over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Generally Accepted Accounting Principles. A company's internal financial controls over financial reporting with reference to these financial statements includes those policies and procedures that :
   i. pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transaction and dispositions of the assets of the company;
   ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the 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
   iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or dispositions of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

7. Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, 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 with reference to these financial statements to future period are subject to the risk that the internal financial controls over financial reporting with reference to these financial statements may become inadequate because of the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company, in all material respect, an adequate internal financial control system over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For S K Patodia & Associates
Chartered Accountants
Firm Registration Number: 112723W

S.K. Patodia & Associates
112723W
JAIPUR
Chartered Accountants

CA Vikas Tambi
Partner
Membership No. : 408970

Place : Jaipur
Date : 17/05/2019

Gurgaon Sohna Highway Private Limited

(Wholly Owned Subsidiary of HG Infra Engineering Limited)

BALANCE SHEET as at 31-Mar-2019

(Currency: Indian Rupees in Lakhs)

Particulars	Notes	As at 31-Mar-2019
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	3	35.12
Current Assets		
Financial Assets		
(i) Cash and Cash Equivalents	4	1.73
(ii) Other Financial Assets	5	2,579.63
Other Current Assets	6	329.50
Total Assets		**2,945.98**
EQUITY AND LIABILITIES		
EQUITY		
Equity Share Capital	7	2,000.00
Other Equity	8	99.67
		2,099.67
LIABILITIES		
Non-Current Liabilities		
Deferred Tax Liabilities	20	0.45
		0.45
Current Liabilities		
Financial Liabilities		
(i) Borrowings	9	88.04
(ii) Trade Payables	10	
(a) Total outstanding dues of micro, small and medium enterprises		-
(b) Total outstanding dues other than (ii)(a) above		690.96
(iii) Other Financial Liabilities	11	13.22
Other Current Liabilities	12	19.38
Current Tax Liabilities (Net)	13	34.26
		845.86
Total Equity and Liabilities		**2,945.98**

The notes referred above are an integral part of these financial statements

As per our report of even date attached

For **SK Patodia & Associates**
Chartered Accountants
Firm's Reg. No.112723W

SK Patodia & Associates Chartered Accountants FRN 112723W JAIPUR

CA Vikas Tambi
Partner
M.No.408970

For and on behalf of the Board of Directors
Gurgaon Sohna Highway Private Limited
CIN: U45400RJ2018PTC060833

Harendra Singh
Chairman & Managing Director
DIN.00402458

Hitesh Parmuwal
Chief Financial Officer

Balvinder Singh Guleri
Company Secretary

Gurgaon Sohna Highway Pvt. Ltd. III Floor Sheel Mohar Plaza A-1 Tilak Marg C-Scheme Jaipur-302001 (Raj.)

Date: 17/5/19
Place: Jaipur

Gurgaon Sohna Highway Private Limited

(Wholly Owned Subsidiary of HG Infra Engineering Limited)

STATEMENT OF PROFIT AND LOSS for the period ended 31-Mar-2019

(Currency: Indian Rupees in Lakhs)

Particulars	Notes	FY 2018-19
INCOME		
Revenue from Operations	14	2,744.73
Total Income		2,744.73
EXPENSES		
Civil Construction Costs	15	2,280.37
Employee Benefits Expenses	16	31.36
Finance Costs	17	0.22
Depreciation	18	0.06
Other Expenses	19	294.63
Total Expenses		2,606.64
Profit Before Tax		138.09
Tax Expenses	20	
Current Tax		37.97
Deferred Tax		0.45
		38.42
Profit for the period		99.67
Other Comprehensive Income for the period (Net of Tax)		-
Total Comprehensive Income for the period		**99.67**
Earnings Per Share	27	
(Nominal Value of Share Rs.10 Each)		
Basic (Rs.)		0.50
Diluted (Rs.)		0.50

The notes referred above are an integral part of these financial statements

As per our report of even date attached

For **SK Patodia & Associates**
Chartered Accountants
Firm's Reg. No.112723W

S.K. Patodia & Associates
FRN 112723W
JAIPUR
Chartered Accountants

CA Vikas Tambi
Partner
M.No.408970

Date: 17/5/19
Place: Jaipur

For and on behalf of the Board of Directors
Gurgaon Sohna Highway Private Limited
CIN: U45400RJ2018PTC060833

Harendra Singh
Chairman & Managing Director
DIN.00402458

Hitesh Parmuwal
Chief Financial Officer

Balvinder Singh Guleri
Company Secretary

Gurgaon Sohna Highway Pvt. Ltd.
III Floor
Sheel Mohar
Plaza
A-1 Tilak Marg
C-Scheme
Jaipur-302001 (Raj.)

Gurgaon Sohna Highway Private Limited

(Wholly Owned Subsidiary of HG Infra Engineering Limited)

STATEMENT OF CASH FLOWS for the period ended 31-Mar-2019

(Currency: Indian Rupees in Lakhs)

Particulars	FY 2018-19
Cash Flows from Operating Activities	
Profit before tax	138.09
Adjustment for:	
Depreciation	0.06
Finance costs	0.22
	138.37
Working Capital Adjustments:	
(Increase)/Decrease in financial and non-financial assets	(2,909.13)
Increase/(Decrease) in trade payables	690.96
Increase/(Decrease) in provisions, financial and non-financial liabilities	32.60
Cash Generated from Operating Activities	(2,047.20)
Income tax paid (net)	(3.71)
Net Cash Generated from/ (used in) Operating Activities (A)	(2,050.91)
Cash Flow from Investing Activities	
Fixed assets purchases	(35.18)
Net Cash Generated from/ (used in) Investing Activities (B)	(35.18)
Cash Flow from Financing Activities	
Interest paid	(0.22)
Proceeds from issue of share capital	2,000.00
Proceeds/ (Repayment) of borrowings (net)	88.04
Net Cash Generated from/ (used in) Financing Activities (C)	2,087.82
Net Increase in Cash and Cash Equivalents (A+B+C)	1.73
Opening Balance Cash and Cash Equivalents	-
Balance Cash and Cash Equivalents as at 31-Mar-2019	1.73

Notes:

1. The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS-7) 'Statement of Cash Flows'

2. Cash and Cash Equivalents Comprises of:

Cash in hands	-
Balance with Banks:	
- Current Accounts	1.73
Cash and Cash Equivalents (Refer Note)	1.73
Cash and Cash Equivalents in Statement of Cash Flow	1.73

As per our report of even date attached

For **SK Patodia & Associates**
Chartered Accountants
Firm's Reg. No.112723W

S.K. Patodia & Associates Chartered Accountants FRN 112723W JAIPUR

CA Vikas Tambi
Partner
M.No.408970

Date: 17/5/19
Place: Jaipur

For and on behalf of the Board of Directors
Gurgaon Sohna Highway Private Limited
CIN: U45400RJ2018PTC060833

Harendra Singh
Chairman & Managing Director
DIN.00402458

Hitesh Parmuwal
Chief Financial Officer

Balvinder Singh Gulen
Company Secretary

Gurgaon Sohna Highway Pvt. Ltd. III Floor Sheel Mohar Plaza A-1 Tilak Marg C-Scheme Jaipur-302001 (Raj.)

Gurgaon Sohna Highway Private Limited

(Wholly Owned Subsidiary of HG Infra Engineering Limited)

STATEMENT OF CHANGES IN EQUITY

(Currency: Indian Rupees in Lakhs)

A Equity Share Capital

Particulars	Notes	No of Shares	Amount
Balance as at commencement of the period		-	-
Changes in equity share capital during the year	7	2,00,00,000	2,000.00
Balance as at 31-Mar-2019		**2,00,00,000**	**2,000.00**

B Other Equity

Particulars	Retained Earnings	Total Other Equity
Balance as at commencement of the period	-	-
Total Comprehensive Income for the period ended 31-Mar-2019		
Profit for the period	99.67	99.67
Comprehensive Income for the period	-	-
Balance as at 31-Mar-2019	**99.67**	**99.67**

As per our report of even date attached

For **SK Patodia & Associates**
Chartered Accountants
Firm's Reg. No.112723W

CA Vikas Tambi
Partner
M.No.408970

For and on behalf of the Board of Directors
Gurgaon Sohna Highway Private Limited
CIN: U45400RJ2018PTC060833

Harendra Singh
Chairman & Managing Director
DIN.00402458

Hitesh Parmuwal
Chief Financial Officer

Balvinder Singh Guleri
Company Secretary

Date: 17/5/19
Place: Jaipur

Gurgaon Sohna Highway Private Limited
(Wholly Owned Subsidiary of HG Infra Engineering Limited)

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2019

Background

Gurgaon Sohna Highway Private Limited (GSHPL-"The Company") is a Private Limited Company registered under the Company Act 2013. Its registered office is at IIIrd Floor, Sheel Mohar plaza, A-1 Tilak Marg, C-Scheme, Jaipur (Rajasthan) -302001 India.

The Company is a Special Purpose Vehicle (SPV) promoted by HG Infra Engineering Limited (HGIEL) for implementing a road project envisaging Six Laning and Strengthening of new NH-248A from existing 11.682 km to 24.400 km in the State of Haryana Package-2 (Design Ch. km 9.282 to km 22.000) under NHDP Phase IV on Hybrid Annuity Model (HAM).

The company is preparing and presenting Ind AS financial Statement for the first time.

These financial statements were authorized to be issued by the board of directors on May 15, 2019.

Note 1: Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

A Basis of preparation

(i) Compliance with Ind AS

The financial statements of the Company comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(ii) Historical cost convention

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

a) Certain financial assets and financial liabilities measure at fair value;

(iii) New and amended standards adopted by the Company:

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

· Ind AS 115, Revenue from Contracts with Customers
· Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance
· Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
· Amendment to Ind AS 12, Income Taxes
· Amendment to Ind AS 40, Investment Property
· Amendment to Ind AS 28, Investments in Associates and Joint Ventures and Ind AS 112, Disclosure of Interests in Other Entities

There is no material impact of Ind AS 115, Revenue from Contracts with Customers on the Company. Other amendments listed above did not have any material impact on the current period and are not expected to significantly affect the future period.

Standard issued but not effective:

Following are the new standards and amendments to existing standards (as notified by Ministry of Corporate Affairs ('MCA') on 30th March, 2019) which are effective for annual period beginning after 1st April, 2019. The Company intends to adopt these standards or amendments from the effective date.

Ind AS 116 – Leases

Ind AS 116 is effective for financial reporting periods beginning on or after 1 April 2019 and replaces existing lease accounting guidance, namely Ind AS 17 Leases. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e. rent) with depreciation charge for ROU assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company is in the process of analysing the impact of new lease standard on its financial statements.

Amendments to existing Ind AS:

The following amended standards are not expected to have a significant impact on the Company's standalone financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company when it will adopt the respective amended standards.

(i) Amendment to Ind AS 12 Income Taxes: Appendix C – Uncertainty over Income Tax Treatments

The Appendix addresses how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

(ii) Amendment to Ind AS 12 Income Taxes:

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

S. Todia & Associates Chartered Accountants FRN 12723W JAIPUR

Gurgaon Sohna Highway Pvt. Ltd. III Floor Sheel Mohar Plaza Tilak Marg C-Scheme Jaipur-302001

(iii) Amendments to Ind AS 19 Employee Benefits:

This amendment requires:

· To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

· To recognise in statement of profit or loss as part of past service cost, or gain or loss on settlement, any reduction in surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Managing Director of the Company has been identified as CODM and he assesses the financial performance and position of the Company, and makes strategic decisions. Refer Note 29 for segment information.

B Revenue recognition

The Company derives revenue principally from following streams:

(i) Construction contracts

(ii) Sale of Services (Operation and Maintenance contracts)

(i) Construction contracts

The Company recognises revenue from engineering, procurement and construction contracts ('EPC') over the period of time, as performance obligations are satisfied over time due to continuous transfer of control to the customer. EPC contracts are generally accounted for as a single performance obligation as it involves complex integration of goods and services.

The performance obligations are satisfied over time as the work progresses. The Company recognises revenue using input method (i.e. percentage-of-completion method), based primarily on contract cost incurred to date compared to total estimated contract costs. Changes to total estimated contract costs, if any, are recognised in the period in which they are determined as assessed at the contract level. If the consideration in the contract includes price variation clause or there are amendments in contracts, the Company estimates the amount of consideration to which it will be entitled in exchange for work performed.

Progress billings are generally issued upon completion of certain phases of the work as stipulated in the contract. Billing terms of the over-time contracts vary but are generally based on achieving specified milestones. The difference between the timing of revenue recognised and customer billings result in changes to contract assets and contract liabilities. Payment is generally due upon receipt of the invoice, payable within 90 days or less. Contractual retention amounts billed to customers are generally due upon expiration of the contract period.

The contracts generally result in revenue recognised in excess of billings which are presented as contract assets on the statement of financial position. Amounts billed and due from customers are classified as receivables on the statement of financial position. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component since it is usually intended to provide customer with a form of security for Company's remaining performance as specified under the contract, which is consistent with the industry practice. Contract liabilities represent amounts billed to customers in excess of revenue recognised till date. A liability is recognised for advance payments and it is not considered as a significant financing component because it is used to meet working capital requirements at the time of project mobilisation stage. The same is presented as contract liability in the statement of financial position.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For construction contracts the control is transferred over time and revenue is recognised based on the extent of progress towards completion of the performance obligations. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The percentage of completion was calculated according to the nature and the specific risk of each contract in order to reflect the effective completion of the project. This percentage of completion could be based on technical milestones or as per the contractual terms specified. A construction contract is considered completed when the last technical milestone is achieved, which occurs upon contractual transfer of ownership of the asset.

Interest income is recognised in the Statement of Profit and Loss using the effective interest method.

(ii) Sale of Services (Operation and Maintenance contracts)

Revenue from providing services is recognised in the accounting period in which the services are rendered. Invoices are issued according to contractual terms and are usually payable as per the credit period agreed with the customer.

(iii) Other income

All other income is accounted on accrual basis when no significant uncertainty exist regarding the amount that will be received.

C Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The provision for current tax is made at the rate of tax as applicable for the income of the previous year as defined under the Income tax Act, 1961.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(ii) Deferred tax

Deferred tax is recognized using the Balance Sheet approach on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts as per financial statements as at the reporting date.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and 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 assets to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

D Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

E Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

F Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cash held in current account and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

G Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

H Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets:

Classification

The Company classifies its financial assets in the following measurement categories:

(i) those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit or Loss), and

(ii) those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition and measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit or Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed of in the Statement of Profit or Loss.

S.K. Patodia & Associates Chartered Accountants FRN 112723W JAIPUR

Gurgaon Sohna Highway Pvt. Ltd. Shri Mohar Plaza A-1 Tilak Marg C-Scheme Jaipur-302001 (Raj.)

Subsequent measurement

After initial recognition, financial assets are measured at:

(i) fair value (either through other comprehensive income or through profit or loss), or
(ii) amortized cost

Debt instruments

Subsequent measurement of debt instruments depends on the Company business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

(i) **Amortized Cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses). Impairment losses are presented as separate line item in the statement of profit and loss.

(ii) **Fair Value through Other Comprehensive Income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognized in the Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(iii) **Fair Value through Profit or Loss (FVTPL):** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises. Interest income from these financial assets are recognized in the Statement of profit and loss.

Impairment of Financial Assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of expected credit loss on the following financial assets and credit risk exposure:

(i) financial assets that are debt instruments, and are measured at amortized cost e.g. loans, deposits, and bank balance.
(ii) trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Derecognition of Financial Assets

A financial asset is derecognized only when:

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

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

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

Income Recognition

Interest income

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Financial Liabilities:

Initial recognition and measurement

Financial liabilities are initially measured at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue/origination of the financial liability.

S.K. Patodia & Associates Chartered Accountants FRN 112723W JAIPUR

Gurgaon Sohna Highway Pvt. Ltd. III Floor Sheel Mohar Plaza A-1 Tilak Marg C-Scheme Jaipur-302001 (Raj.)

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2019

Subsequent Measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit and loss. Any gain or loss on derecognition is also recognized in statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

I Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

J Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical Cost comprises of the purchase price including import duties and non-refundable taxes and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, rates and residual value

Depreciation is provided on a pro-rata basis on the written down value method over the estimated useful lives of the assets, based on technical evaluation done by management's expert, which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The useful life, residual value and the depreciation method are reviewed at least at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

The management estimates useful lives of the tangible fixed assets as follows:

(i) Building	60 Years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

K Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

L Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

M Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

As per IFRIC 12 Borrowing costs under Financial asset model are recognised as an expense in the period in which they are incurred.

S.K. Patodia & Associates Chartered Accountants FRN 112723W JAIPUR

Gurgaon Sohna Highway Pvt. Ltd. III Floor Sheel Mohar Plaza A-1 Tilak Marg C-Scheme Jaipur-302001 (Raj.)

N Provisions and contingent liabilities

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

If the effect of the time value of money is material, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

O Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

P Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Q Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

a) The profit attributable to owners of the company

b) By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

a) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

b) the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

R Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh as per the requirement of Schedule III, unless otherwise stated.

Note 2: Critical estimates and judgements

Preparation of the financial statements requires use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgements or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

(i) Estimation of useful life of Property, plant and equipment

The company estimates the useful life of the Property, plant and equipment as mentioned in Note 1(i) above, which is based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than the life estimated, depending on technical innovations and competitor actions.

(ii) Estimation of fair value of level 3 financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer note 35 on fair value measurements where the assumptions and methods to perform the same are stated.

(iii) Revenue recognition

The Company uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

S.K. Patodia & Associates Chartered Accountants FRN 112723W JAIPUR

Gurgaon Sohna Highway Pvt. Ltd. III Floor Sheel Mohar Plaza A-1 Tilak Marg C-Scheme Jaipur-302001 (Raj.)

Gurgaon Sohna Highway Private Limited
(Wholly Owned Subsidiary of HG Infra Engineering Limited)

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2019
(Currency: Indian Rupees in Lakhs)

3 Property, Plant and Equipment

Particulars	Buildings	Total
GROSS CARRYING AMOUNT		
Cost as at 1-Apr-2018	-	-
Additions	35.18	35.18
Disposals	-	-
Closing gross carrying amount	**35.18**	**35.18**
ACCUMULATED DEPRECIATION		
Opening Accumulated Depreciation	-	-
Depreciation charge during the year	0.06	0.06
Disposals	-	-
Closing Accumulated Depreciation	**0.06**	**0.06**
Net Carrying Amount as on 31-Mar-2019	**35.12**	**35.12**

The carrying amounts of all the assets has pledged as security for current and non-current borrowings.

4 Cash and Cash Equivalents

Particulars	As at 31-Mar-2019
Balances with Banks	
In current accounts	1.73
Total	**1.73**

5 Other Financial Assets

Particulars	As at 31-Mar-2019
Current	
Annuity receivable from NHAI	2,579.05
Deposits	0.58
Total	**2,579.63**

6 Other Current Assets

Particulars	As at 31-Mar-2019
Prepaid Expenses	22.60
Balance with government authorities:	
GST input Credit	306.90
Total	**329.50**

7 Equity Share Capital

Particulars	As at 31-Mar-2019
Authorised	
2,00,00,000 Equity Shares of Rs.10 each	2,000.00
Issued, Subscribed and Paid Up	
2,00,00,000 Equity Shares of Rs.10 each	2,000.00
Total	**2,000.00**

Movement of Equity Share Capital outstanding at the beginning and at the end of the period

Particulars	As at 31-Mar-2019	
	Nos of Shares	Amount
At the commencement of the period	-	-
Add: Issued during the period	2,00,00,000	2,000.00
At the end of the period	**2,00,00,000**	**2,000.00**

Particulars of Shareholders holding more than 5% Equity Shares in the Company

Particulars	As at 31-Mar-2019	
	Nos of Shares	% of Total
Equity shares of Rs.10 each fully paid up held by		
HG Infra Engineering Limited (Parent Company)	1,99,99,999	100%

Gurgaon Sohna Highway Private Limited
(Wholly Owned Subsidiary of HG Infra Engineering Limited)

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2019
(Currency: Indian Rupees in Lakhs)

Terms & Rights attached to Equity Shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.
On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

8 Other Equity

Particulars	Retained Earnings	Total Other Equity
Balance as at commencement of the period	-	-
Total Comprehensive Income for the period ended 31-Mar-2019		
Profit for the period	99.67	99.67
Comprehensive Income for the period	-	-
Balance as at 31-Mar-2019	**99.67**	**99.67**

9 Borrowings

Particulars	As at 31-Mar-2019
Current Borrowings	
Unsecured:	
Loan from HG Infra Engineering Limited (Parent Company)	87.04
Loan from Directors (Related Party)	1.00
Total	**88.04**

10 Trade Payable

Particulars	As at 31-Mar-2019
(a) Total outstanding dues of micro, small and medium enterprises (refer note below)	-
(b) Total outstanding dues of creditors other than micro, small and medium enterprises	690.96
Total	**690.96**

The disclosure in respect of the amount payable to enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been made in the financial statement as at 31-Mar-2019 based on the information received and available with the Company. On the basis of such information, no interest is payable to any micro, small and medium enterprises. Auditors have relied upon the information provided by the Company.

The Company's exposure to currency and liquidity risks related to trade payable is disclosed in Note 25

Of the above, trade payable to related parties are as below-

Particulars	As at 31-Mar-2019
Trade payable to related parties	683.22
Total	**683.22**

11 Other Financial Liabilities

Particulars	As at 31-Mar-2019
Employee related liabilities	4.18
Expenses payable	6.17
Other payable	2.87
Total	**13.22**

12 Other Current Liabilities

Particulars	As at 31-Mar-2019
Statutory Liabilities	
TDS Payable	19.38
Total	**19.38**

13 Current Tax Liabilities (Net)

Particulars	As at 31-Mar-2019
Provision for tax (Net of advance tax of Rs.3.71 Lakh)	34.26
Total	**34.26**

S.K. Patodia & Associates FRN 112723W JAIPUR Chartered Accountants

Gurgaon Sohna Highway Pvt. Ltd. III Floor Shree Mohar Plaza A-1 Tilak Marg C-Scheme Jaipur-302001 (Raj.)

Gurgaon Sohna Highway Private Limited
(Wholly Owned Subsidiary of HG Infra Engineering Limited)

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2019
(Currency: Indian Rupees in Lakhs)

14 Revenue from Operations

Particulars	FY 2018-19
Civil construction revenue	2,744.73
Total	**2,744.73**

15 Civil Construction Costs

Particulars	FY 2018-19
Civil subcontract charges	2,278.51
Labour cess	1.86
Total	**2,280.37**

16 Employee Benefits Expenses

Particulars	FY 2018-19
Salary, wages and bonus	31.36
Total	**31.36**

17 Finance Costs

Particulars	FY 2018-19
Interest others	0.22
Total	**0.22**

18 Depreciation

Particulars	FY 2018-19
Depreciation & Amortisation	0.06
Total	**0.06**

19 Other Expenses

Particulars	FY 2018-19
Insurance expenses	1.55
Legal and professional charges	253.68
Miscellaneous expenses	31.40
Independent engineers fees	7.00
Payment to auditors (refer note below)	1.00
Total	**294.63**

Payment to Auditors

Particulars	FY 2018-19
Statutory audit fees	1.00
Total	**1.00**

S.K. Patodia & Associates Chartered Accountants FRN 112723W JAIPUR

Gurgaon Sohna Highway Pvt. Ltd. III Floor Sheel Mohar Plaza A-1 Tilak Marg C-Scheme Jaipur-302001 (Raj.)

Gurgaon Sohna Highway Private Limited
(Wholly Owned Subsidiary of HG Infra Engineering Limited)

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2019
(Currency: Indian Rupees in Lakhs)

20 Tax Expenses

A Income Tax (Income)/ Expenses Recognised in the Statement of Profit and Loss

Particulars	
Current tax	**FY 2018-19**
Current tax on profit for the year	37.97
Deferred tax	
Attributable to-	
Origination and reversal of temporary differences (Refer note D)	0.45
Income tax expenses reported in statement of profit and loss	**38.42**

B Reconciliation of effective tax rate

Particulars	
Profit before tax	**FY 2018-19**
Tax using the Company's statutory tax rate @ 27.82%	**138.09**
Effect of:	38.42
Temporary difference in depreciation as per books and income tax	(0.45)
Tax Expenses	**37.97**

C Recognised deferred tax assets and liabilities
Movement in temporary differences:

Particulars	**FY 2018-19**
Temporary difference in depreciation as per books and income tax	0.45
Net Deferred Tax (Assets)/ Liabilities	**0.45**

D Recognised Deferred Tax (Assets) and Liabilities
Movement in temporary differences:

Particulars	**Balance as at commencement of the period**	**Recognised in P&L during the period**	**Recognised in OCI during the period**	**Balance as at 31-Mar-2019**
Temporary difference in depreciation as per books and income tax	-	0.45	-	0.45
	-	**0.45**	**-**	**0.45**

S.K. Patodia & Associates * Chartered Accountants * FRN 112723W JAIPUR

Gurgaon Sohna Highway Pvt. Ltd. III Floor Sheel Mohar Plaza A-1 Tilak Marg C-Scheme Jaipur-302001 (Raj.)

Gurgaon Sohna Highway Private Limited
(Wholly Owned Subsidiary of HG Infra Engineering Limited)

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2019
(Currency: Indian Rupees in Lakhs)

21 Related Party Transactions

A Related Parties with whom the Company had transactions during the period

(a) Parent Company:

HG Infra Engineering Limited

(b) Key Management Personnel (KMP):

Mr Harendra Singh - Managing Director
Mr Girish Pal Singh - Director
Mr Onkar Singh - Director
Mr Hitesh Parmuwal - Chief Financial Officer
Mr Balvinder Singh Guleri - Company Secretary

B Related Party Transactions with Parent Company and its closing balances

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or those which might reasonably be expected to be available, in respect of similar transactions with non-key management personnel related entities on an arm's length basis.

The aggregate value of the Company's transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence is as follows:

Transaction with related party:

Nature of Transaction	Amount FY 2018-19
Loan Received	
(i) HG Infra Engineering Limited	336.84
(ii) Harendra Singh	1.00
Loan Repaid	
(i) HG Infra Engineering Limited	283.06
Share Capital Issued	
(i) HG Infra Engineering Limited	2,000.00
Civil Construction Costs	
(i) HG Infra Engineering Limited	2,278.51
Assets Purchased	
(i) HG Infra Engineering Limited	33.25
Sitting Fees	
(i) Mr Harendra Singh	1.10
(ii) Mr Girish Pal Singh	1.10
(iii) Mr Onkar Singh	1.00
Corporate & Performance Guarantee given on behalf of Company	
(i) HG Infra Engineering Limited	31,816.00

Outstanding balances:

Nature of Transaction	As at 31-Mar-19
Loan Payable	
(i) HG Infra Engineering Limited	87.04
(ii) Harendra Singh	1.00
Trade Payable	
(i) HG Infra Engineering Limited	683.22
Sitting Fees Payable	
(i) Mr Harendra Singh	0.99
(ii) Mr Girish Pal Singh	0.98
(iii) Mr Onkar Singh	0.90

S.K. Patodia & Associates * Chartered Accountants * FRN 112723W JAIPUR

Gurgaon Sohna Highway Pvt. Ltd. III Floor Sheel Mohar Plaza A-1 Tilak Marg C-Scheme Jaipur-302001 (Raj.)

Gurgaon Sohna Highway Private Limited
(Wholly Owned Subsidiary of HG Infra Engineering Limited)

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2019
(Currency: Indian Rupees in Lakhs)

22 Disclosure pursuant to Para 6 of appendix D of Ind AS 115 for Service Concession Agreements

Nature of Entity	Description of the Arrangement	Significant Terms of the Arrangement	Financial Assets as at 31-Mar-19
Gurgaon Sohna Highway Private Limited	The Company is formed as a special purpose vehicle (SPV) to implementing a road project envisaging Six Laning and Strengthening of new NH 248A from existing km 11.682 to existing km 24.400 in the State of Haryana Package-2 (Design Ch. km 9.282 to km 22.000) under NHDP Phase IV on Hybrid Annuity Model (HAM) in state of Haryana, which shall be partly financed by the concessionaire who shall recover its investment and costs through annuity payments and O&M payment to be made by the authority, in accordance with the terms and conditions set forth in this concession agreement entered into	Period of Concession 2019-2036 Remuneration: 40% during construction period and balance 60% in biannual annuity in 15 years as per concession agreement Investment grant from concession grantor: No Infrastructure return at the end of concession period: Yes Investment and renewal obligation: Nil Re-pricing dates: No Basis upon which re-pricing or re-negotiation is determined: NA Premium payable to granter: Nil	2,579.05

23 Fair Value Measurements

A Accounting Classification and Fair Values as at 31-Mar-2019

Particulars	FVTPL	FVOCI	Amortised Cost	Total	Fair Value			
					Level-1 Quoted Price in Active Markets	Level-2 Significant Observable Inputs	Level-3 Significant Observable Inputs	Total
Cash and cash equivalents			1.73	**1.73**			1.73	**1.73**
Other financial assets			2,579.63	**2,579.63**			2,579.63	**2,579.63**
Total Financial Assets	-	-	**2,581.36**	**2,581.36**	-	-	**2,581.36**	**2,581.36**
Borrowings			88.04	**88.04**			88.04	**88.04**
Trade payable			690.96	**690.96**			690.96	**690.96**
Other financial liabilities			13.22	**13.22**			13.22	**13.22**
Total Financial Liabilities	-	-	**792.22**	**792.22**	-	-	**792.22**	**792.22**

Note:

i) The carrying amount of financial assets and liabilities are considered to be the same as their fair values due to the current and short term nature of such balances and no material differences in the values.

B Measurement of fair values (Levels 1,2 and 3)

Level:1

It includes investment in equity shares and mutual fund that has a quoted price and which are actively traded on the stock exchange. It has been valued using the closing price as at the reporting period on the stock exchange.

Level:2

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level:3

These instruments are valued based on significant unobservable inputs whereby future cash flows are discounted using appropriate discount rate.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

24 Financial Instruments Risk Management Objective and Policies

The Company's financial liabilities comprise mainly of borrowings, trade and other payables. The Company's financial assets comprise mainly of cash and cash equivalents and other receivables.

i) Credit Risk

Credit risk is the risk that a counterparty will not meet the obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk primarily other financial assets including deposits with banks. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

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

Other Financial Assets

This comprises mainly of financial assets receivable - Grant and Annuity Receivable from NHAI. The management is of the view that those financial assets are not impaired as the customer is government corporation where no credit risk is perceived. Further the management does not anticipate a significant loss on account of the time value of money.

ii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(Currency: Indian Rupees in Lakhs)

Exposure to Liquidity Risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

As at 31-Mar-2019	Carrying Amount	Contractual Cash Flows			
		Total	Less than 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings					
Trade payables	88.04	88.04	88.04		
Other current financial liabilities	690.96	690.96	690.96		
Total	13.22	13.22	13.22		
	792.22	**792.22**	**792.22**	-	-

iii) **Market Risk**

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prises - will affect the Company's income or the value of its holdings of financial investments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risks. Thus, our exposure to marked risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in foreign currency revenues and costs.

(a) Currency Risk

The functional currency of the Company is Indian Rupees (Rs). The Company is not exposed to foreign currency risk.

(b) Price Risk

The Company is not exposed to any price risk.

(C) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk resulting from fluctuations in interest rates. Company's borrowing includes unsecured loan taken from banks & the Parent Company. Summary of financial assets and financial liabilities has been provided below.

Exposure to Interest Rate Risk

The interest rate profile of the Company's interest bearing financial instrument as reported to management is as follows:

Particulars	As at 31-Mar-2019
Fixed rate instruments	
Financial assets	
Financial liabilities	1.73
	792.22
Variable rate instruments	
Financial assets	
Financial liabilities	2,579.63
	-

Interest Rate Sensitivity

Profit and Loss is sensitive to higher/lower interest expenses from borrowings as a result of change in interest rates. The following table demonstrates the sensitivity of floating rate instruments to a reasonably possible change in interest rates. The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the period.

Sensitivity Analysis (Impact on Profit Before Tax)

Particulars	As at 31-Mar-2019
Interest Rate	
Increase by 100 basis points	
Decrease by 100 basis points	-
	-

25 **Capital Management**

The Company's policy is to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company manages the capital structure by balanced mix of debt and equity. The Company's capital structure is influenced by the changes in regulatory framework, government policies, available options of financing and the impact of the same on the liquidity position.

Particulars	As at 31-Mar-2019
Total borrowings	
Less: Cash and cash equivalents	88.04
Adjusted Net Debts	1.73
Equity share capital	**89.77**
Other equity	2,000.00
Total Equity	99.67
	2,099.67
Adjusted Net Debt to Equity Ratio	
	0.04

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NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2019
(Currency: Indian Rupees in Lakhs)

26 Contingent Liabilities and Commitments

Particulars	As at 31-Mar-2019
Contingent Liabilities	
1) Performance guarantees given to NHAI	3,030.00
2) Corporate guarantees given to NHAI	28,786.00

** Performance and corporate guarantees given by HG Infra Engineering Limited (Parent Company) on behalf of GSHPL (SPV)*

27 Earning Per Share

Particulars	As at 31-Mar-2019
Face value per equity share (in Rs)	10.00
(a) Profit for the period attributable to equity shareholders	99.67
(b) Number of equity shares at the beginning of the period	-
(c) Equity shares issued during the period	2,00,00,000
(d) Number of equity shares at the end of the period	2,00,00,000
(e) Weighted average number of equity shares for calculating basic EPS	2,00,00,000
(f) Weighted average number of equity shares for calculating diluted EPS	2,00,00,000
Earnings Per Shares (in Rs)	
Basic earning per share (a/e)	0.50
Diluted earning per share (a/f)	0.50

Note:

Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific share are outstanding as a proportion of total number of days during the year/ period.

28 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.

For **SK Patodia & Associates**
Chartered Accountants
Firm's Reg. No.112723W

CA Vikas Jambi
Partner
M.No.408970

Date: 17/5/19
Place: Jaipur

For and on behalf of the Board of Directors
Gurgaon Sohna Highway Private Limited
CIN: U45400RJ2018PTC060833

Harendra Singh
Chairman & Managing Director
DIN.00402458

Hitesh Parmuwal
Chief Financial Officer

Balvinder Singh Guleri
Company Secretary