



INDEPENDENT AUDITOR'S REPORT

To
The Members of
MAYTAS VASISHTA VARADHI LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of **Maytas Vasishta Varadhi Limited** which comprise the Balance Sheet as at 31st March, 2016 and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. 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 ("the Act") with respect to these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgement 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



4. Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

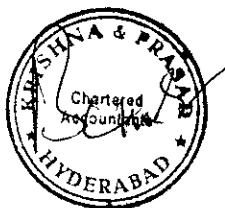
- i. In the case of Balance Sheet, of state of affairs of the Company as at 31st March 2016;
- ii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date; and

5. Emphasis of Matters

- i. *Attention is drawn towards point no.3 of 'Notes to Accounts' with regard to termination of agreement, consequent writ petition filed in Honorable High Court of Andhra Pradesh and stay order which is more fully explained in the Note.*

6. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, the same is not applicable to the Company for time being.
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 and Statement of Profit and Loss 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) The going concern matter described in sub-paragraph (i) under the Emphasis of matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.



- f) On the basis of written representations received from the directors as on March 31st 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2016 from being appointed as a director in terms of section 164 (2) of the Act.
- 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 our information and according to the explanations given to us:
- i. *The financial statements do not disclose the impact of pending litigations referred to Note no. 3 in the Notes to accounts.*
- ii. *No Profit and Loss Account has been drawn by the Company as the entire expenditure has been capitalised.*

Place of Signature: Hyderabad
Date of Report: 18-05-2016



For M/s Krishna & Prasad
Chartered Accountants
Firm's Regn.No.001460S

[B L N Phani Kumar]
Partner
Membership No.028391

MAYTAS VASISHTA VARADHI LIMITED

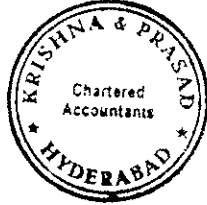
Balance sheet as at March 31, 2016

Particulars	Notes	March 31, 2016 Rupees	March 31, 2015 Rupees
Equity and liabilities			
Shareholder's Funds			
Share capital	3	500,000.00	500,000.00
Current liabilities			
Trade payables	4	1,445,104.00	1,444,890.00
Other liabilities		28,361,507.00	28,329,918.00
		30,306,611.00	30,274,808.00
Non-current assets			
Capital work-in-progress	5	30,291,274.00	30,259,471.00
Current assets			
Cash and bank balances	6	15,337.00	15,337.00
		30,306,611.00	30,274,808.00

Summary of Significant accounting policies and notes o 1&2
The accompanying notes are an integral part of the financial statements

As per our report of even date

for Krishna & Prasad
Chartered Accountants
Firm's Regn.No.: 001460S
B.L.N.Phani Kumar
Partner
Membership No.: 028391



For and on behalf of the Board of Directors
Maytas Vasistha Varadhi Limited

Rajeev Khanna
Director

Mukesh Sharma
Director

Place: Hyderabad

Date: 18-05-2016

Place: Hyderabad

Date :



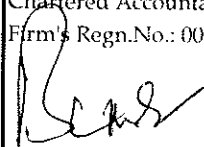
Maytas Vasishta Varadhi Limited
Cash Flow Statement for the Year Ended March 31, 2016

	For the year 2015-16	For the year 2014-15
A <u>Cash Flow from Operating activities</u>		
Net Profit/(Loss) before tax and extraordinary Items	-	-
Adjustment for:		
Operating profit / (Loss) before working capital Changes	-	-
Adjustment for:		
(Increase)/ Decrease in Current Assets	-	-
Increase / (Decrease) in Current Liabilities	-	-
Cash generated from / (used in) operating activities	-	-
Net Cash generated from / (used in) operating activities	-	-
B <u>Cash Flow from Investing Activities</u>		
Capital work in Progress	(31,803)	(188,347)
Miscellaneous Expenditure	-	-
Net Cash from / (used in) Investing Activities	(31,803)	(188,347)
C <u>Cash Flow from Financing Activities</u>		
Received Advances	31,803	183,853
Cash flow from Financing Activities	31,803	183,853
Net increase / (decrease) in cash and cash equivalents	-	(4,494)
Opening cash and cash equivalents	19,831	19,831
Closing cash and cash equivalents	19,831	15,337
<u>Components of Closing cash and cash equivalents</u>		
Cash on hand		
Cash at Bank	15,337	15,337

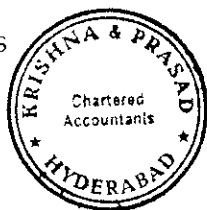
The schedule referred to above form on integrated part of the Balance Sheet

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

for Krishna & Prasad
Chartered Accountants
Firm's Regn.No.: 001460S



B.L.N. Phani Kumar
Partner
Membership No.: 028391



for and on behalf of Board of Directors of
Maytas Vasishta Varadhi Limited

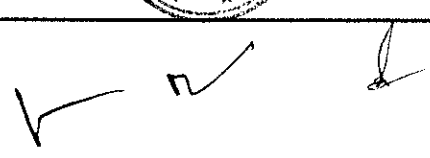
 

Rajeev Khanna Director Mukesh Sharma Director



Place : Hyderabad

Date : 18-05-2016



MAYTAS VASISHTA VARADHI LIMITED

Notes to financial statements for the year ended March 31, 2016

	March 31, 2016	March 31, 2015
3 Share capital		
Authorized		
50,000 (March 31, 2015 : 50,000) Equity shares of Rs. 10 each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid up		
50,000 (March 31, 2015 : 50,000) Equity shares of Rs. 10 each fully paid up	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

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

Equity shares

	March 31, 2016		March 31, 2015	
	Number	Amount	Number	Amount
At the beginning of the year	50,000	500,000	50,000	500,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

(b) Terms/rights attached to equity shares

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

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

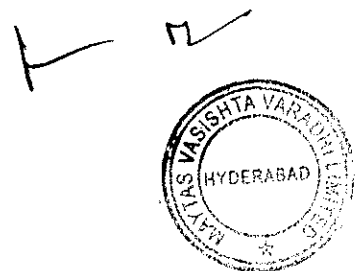
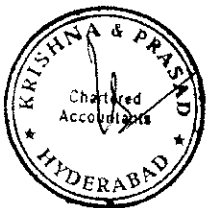
(c) List of shareholders holding more than 5% shares in the company:

Equity Shares of Rs. 10 each

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of Shares	Percentage holding	Number of Shares	Percentage holding
IL&FS Engineering and Construction Company Limited	50,000	100%	50,000	100%

4 Current Liabilities

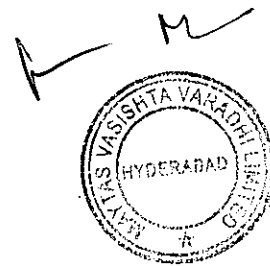
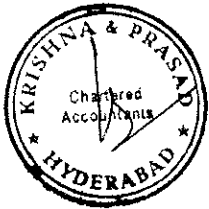
	March 31, 2016	March 31, 2015
Trade payables	1,445,104.00	1,444,890.00
Other liabilities	28,361,507.00	28,329,918.00
	<u>29,806,611.00</u>	<u>29,774,808.00</u>



MAYTAS VASISHTA VARADHI LIMITED

Notes to Financial Statement for the year ended March 31, 2016

Particulars	Note No.	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Trade Payables	4		
Coastal Projects Pvt Ltd		34,850	34,850
Audit Fee payable		11,450	11,236
STUP Consultants Pvt LTd		1,398,804	1,398,804
Total		1,445,104	1,444,890
Other liabilities			
Dues to holding company		28,361,507	28,329,918
		28,361,507	28,329,918
Capital work-in-progress			
Opening balance	5	30,259,471	30,071,124
Add: Spent during the year		-	-
Rates & Taxes		1,578	19,310
Audit Fee		11,450	23,720
Legal and Professional Charges		1,600	-
Finance charges		-	145,317
Service Charges		17,175	-
Liabilities no longer required back		-	-
Capital work-in-progress as at March 31, 2013		30,291,274	30,259,471
Cash and bank balances	6		
Cash on hand		-	-
Bank Balance with scheduled Banks-Current a/c: Axis Bank -008010200076377		15,337	15,337
		15,337	15,337



Schedule 1&2: Notes Annexed to and forming part of the accounts as at and for the year ended March 31, 2016

(All amounts in Indian rupees except for Share data or otherwise stated)

I. SIGNIFICANT ACCOUNTING POLICIES

I. General

The accounts have been prepared on accrual basis under historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

II. Expenditure during construction period: Incidental expenditure incurred during construction period towards "Concessionaire Asset" is being carried under capital work in progress and will be capitalized on completion of construction.

III. Preliminary Expenses: Preliminary expenses are written off over five years as per the Section 35 of the IT Act.

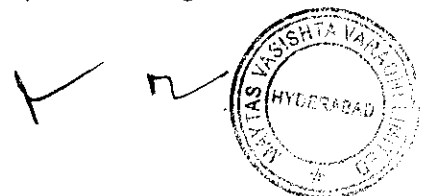
II. NOTES ON ACCOUNTS

1. The company is a 100% subsidiary of IL&FS Engineering and Construction Company Limited (formerly known as Maytas Infra Ltd).

2. Contingent liabilities: Performance Bank guarantees furnished by promoter company IL&FS Engineering and Construction Company Limited (formerly known as Maytas Infra Ltd) – Rs. 3,32,85,000/- to CE (R & B) MD, APRDC, Hyderabad.

3. **Background:** The Government of Andhra Pradesh had issued a G.O.Rt.No.319 dated 16.4.2011 terminating the Agreement for "Design, construction, finance, operation and maintenance of 2-lane bridge across Vasista Branch of River Godavari connecting Narsapur of West Godavari District with Sakhinetipalli of East Godavari District under BOT on Annuity Basis" and to invoke the Bank Guarantee based on the recommendations made by the Technical Committee appointed by the Government of Andhra Pradesh. However, the Government of Andhra Pradesh in the said GO No.319 dated 16.4.2011 did not spell out the reasons for terminating the agreement and invocation of Bank Guarantees, except stating that the GO was passed under the circumstances reported by the Chief Engineer and basing on the recommendations of the Technical Committee. The Government of Andhra Pradesh did not issue any notice to the Company, nor sought any explanation before terminating the project unilaterally. The Company never expressed its inability to execute the project. As per the terms of Concession Agreement, if any dispute is arisen, either party can invoke Arbitration . Even this course was not exercised by the Government before terminating the contract.

To protect the Bank Guarantees from encashment, the Company had filed Writ Petition No.10913 of 2011 in the Hon'ble High Court of Andhra Pradesh praying issue a Writ, Order or Direction, in the nature of Writ of Mandamus declaring the GO Rt No.319 dated 16.4.2011 issued by the Government of Andhra Pradesh as arbitrary, illegal, violative of principles of natural justice, violative of fundamental rights guaranteed under Constitution of India apart from being violative of the conditions stipulated in the agreement and consequently set aside the same and pass such other order or orders as are deemed fit and proper in the circumstances of the Case. The Hon'ble High Court passed a stay order stating that no



further steps shall be taken pursuant to the impugned GO Rt No.319 dated 16.4.2011 till 20.4.2011 vide its order dated April 19, 2011. The Hon'ble High Court continued such stay vide its orders dated April 20, 2011 until further orders and directed issue of notice to the Respondents to show cause as to why this writ petition should not be admitted in the circumstances set out in the petition and the affidavit filed in Writ Petition. The case is yet to come up for hearing.

In view of the above circumstances, these accounts for the year under audit are prepared on a "Going Concern" basis on the assumption that the Company will win its legal case and get back its Project. As such, expenditure of Rs. 302.91 lakhs up to 31st March, 2016 has been carried forward under the head "Capital Work- In-Progress and incidental expenditure during construction period pending allocation".

4. All the expenditure incurred (net of income earned) during the construction stage, has been grouped and shown under Capital Work in progress pending allocation. Necessary information as per part II of Schedule VI of the Companies Act, 1956 has been disclosed to the extent applicable.

5. Provisions of Payment of Gratuity Act, 1972 and Employees Provident Fund and Miscellaneous Provisions Act 1952 are not applicable to the Company at present.

6. Carrying Value of Soil Investigation work, included under Capital Work in Progress, is subject to valuation by independent valuer/engineer

7. Deferred taxes, as per Accounting Standard (AS-22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, has not been recognized.

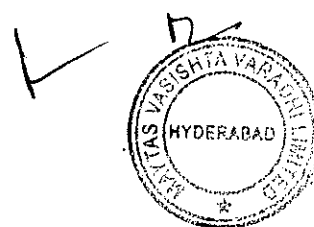
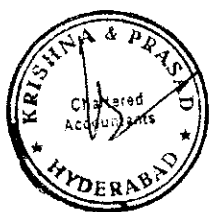
8. Confirmations with respect to balances due and payable are to be obtained. Letters have been addressed to the respective parties.

9. In the opinion of the Board, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

10. Related Party Transactions

Following is the list of related parties and relationships:

Sl. No.	Name of the Related Party	Relationship
1.	IL&FS Engineering and Construction Company Limited (formerly known as Maytas Infra Ltd)	Holding Company



The Following are the transactions with related parties

Sl. No.	Particulars	IL&FS Engineering and Construction Company Limited	
		March-16	March-15
1.	Credit Balance outstanding as at year end	2,83,61,507	2,83,29,918

11. The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been given.

12. Foreign Exchange Outgo / Earnings: Rs. Nil; Previous Year – Rs. Nil

13. Payment to Auditors: Rs. 11,450; previous year – Rs. 11,236.

14. Additional information pursuant to Para 3, 4, 4A, 4C & 4D of Part II of Schedule VI to the Companies Act, 1956 are not applicable to the company at present.

15. Figures have been rounded off to the nearest Rupee.

16. Previous year figures have been regrouped / rearranged to conform to those of current year.

Schedules 1 to 6 form an integral part of the Balance Sheet.

For Krishna and Prasad
Chartered Accountants
Firm's Regn. No.: 001460S


B L N Phani Kumar


Partner
Membership No. : 028391

Place: Hyderabad
Date: 18-05-2016



for and on behalf of the Board of Directors of
Maytas Vasishtha Varadhi Limited


Rajeev Khanna


Mukesh Sharma

Director

Director

