

Independent Auditors' Report

To
The Members of
NCC Vizag Urban Infrastructure Limited

Report on the Standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of **NCC Vizag Urban Infrastructure Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

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

Auditor's Responsibility

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

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

We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the



auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

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

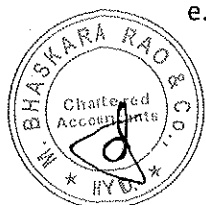
Emphasis of Matters

We draw attention to Note 14(a)(i) to the financial statements which, describes the uncertainty related to the outcome of the lawsuit filed by the company. Company's ability to continue and recovery of the cost incurred towards the company's project, aggregating to Rs. 21,85,916 thousand (including interest of Rs. 11,83,799 thousand) depends on the result of the said lawsuit and management's capacity to infuse funds for execution of the said project

Our opinion is not modified in this regard.

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 Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the Statement of Changes in Equity dealt by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
 - e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act.



- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
- i. the Company has disclosed the impact of all pending litigations on its financial position in its financial statements - Refer Note 14 a to the standalone Ind AS financial statements;
 - ii. the Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund.
 - iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company, Refer Note 15a to the standalone Ind AS financial statements.

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459S



V K Muralidhar
Partner

Membership No.201570

Hyderabad, May 11, 2017

Annexure A to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of **NCC Vizag Urban Infrastructure Limited**)

(i) In respect of its Fixed Assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The management has conducted physical verification of major fixed assets during the year and as explained to us, no material discrepancies have been noticed on such verification.
- (c) The Company does not have any immovable properties. Hence, paragraph 3 (i)(c) of the Order is not applicable.

(ii) According to the information and explanations given to us, the inventory consists of property development cost. Accordingly, paragraph 3(ii) of the Order, are not applicable.

(iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and accordingly paragraph 3 (iii) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly paragraph 3 (v) of the Order is not applicable.

(vi) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 148(1) (d) of the Act for the Company.

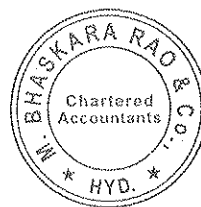
(vii) According to the information and explanations given to us and according to the books and records as produced and examined by us in accordance with the generally accepted auditing practices in India, in respect of statutory dues:

- (a) The Company has been regular in depositing undisputed statutory dues including provident fund, income tax, sales-tax, service tax, custom duty, value added tax, cess and any other material statutory dues applicable to it with the appropriate authorities during the year.
- (b) According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty or Value Added Tax which have not been deposited on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Accordingly, paragraph 3 (viii) of the Order is not applicable.

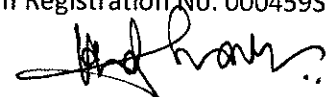


- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) During the course of our examination of the books and other records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, no managerial remuneration has been paid or provided during the year. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) According to the information and explanations given to us and based on our examination of the records, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him during the year.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.



Hyderabad, May 11, 2017

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459S


K Muralidhar

Partner

Membership No.201570

Annexure B to the Independent Auditors' report

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

We have audited the internal financial controls over financial reporting of **NCC Vizag Urban Infrastructure Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect



the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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



Hyderabad, May 11, 2017

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459S

V K Muralidhar
Partner

Membership No.201570

NCC VIZAG URBAN INFRASTRUCTURE LIMITED
BALANCE SHEET AS AT MARCH 31, 2017

(Amount in Thousands)

| Description | Note | As At March 31, 2017 | | As At March 31, 2016 | | As At April 1, 2015 | |
|---|-------|----------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| ASSETS | | | | | | | |
| 1. Non-Current Assets | | | | | | | |
| (a) Property, Plant and Equipment | | | | | | | |
| (i) Tangible assets | 3 | 0.62 | | 6.34 | | 14.32 | |
| | | | 0.62 | | 6.34 | | 14.32 |
| 2. Current Assets | | | | | | | |
| (a) Inventories | 4 | 21,85,916.00 | | 21,85,916.00 | | 19,68,532.68 | |
| (b) Financial Assets | | | | | | | |
| (i) Cash and cash equivalents | 5 | 16.41 | | 52.03 | | 206.40 | |
| (c) Other Current Assets | 6 | 5,974.19 | 21,91,906.59 | 5,952.00 | 21,91,920.03 | 5,930.33 | 19,74,669.41 |
| TOTAL | | | 21,91,907.21 | | 21,91,926.37 | | 19,74,683.72 |
| EQUITY AND LIABILITIES | | | | | | | |
| 1. Equity | | | | | | | |
| (a) Equity Share Capital | 7 | 5,26,250.00 | | 5,26,250.00 | | 5,26,250.00 | |
| (b) Other Equity | 8 | (2,56,618.33) | | (6,918.93) | | (5,878.08) | |
| | | | 2,69,631.67 | | 5,19,331.07 | | 5,20,371.92 |
| 2. Current Liabilities | | | | | | | |
| (a) Financial Liabilities | | | | | | | |
| (i) Borrowings | 9 | 19,19,263.11 | | 16,68,729.12 | | 14,49,620.55 | |
| (b) Other current liabilities | 10 | 3,012.43 | | 3,866.18 | | 4,691.26 | |
| | | | 19,22,275.54 | | 16,72,595.30 | | 14,54,311.81 |
| Total | | | 21,91,907.21 | | 21,91,926.37 | | 19,74,683.72 |
| Corporate Information and Significant Accounting Policies See accompanying notes to the financial statements | 1 & 2 | | | | | | |

As per our audit report of even date attached
for M. Bhaskara Rao & Co.
Chartered Accountants

for and on behalf of the Board



V.K. Muralidhar
Partner





Narayana Raju Alluri
Director
DIN: 00026723



A.S.N. Raju
Director
DIN: 00017416

Hyderabad
Date: 11th MAY, 2017

NCC VIZAG URBAN INFRASTRUCTURE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Thousands)

| Description | Note | Year Ended March 31, 2017 | | Year Ended March 31, 2016 | |
|---|-------|------------------------------|---------------|------------------------------|------------|
| REVENUE | | | | | |
| Revenue from operations(including excise duty) | | - | | - | |
| Other Income | | - | | - | |
| Total Revenue | | | - | | - |
| EXPENDITURE | | | | | |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 11 | - | | (2,17,383.32) | |
| Finance Costs | 12 | 2,49,509.01 | | 2,18,159.71 | |
| Depreciation and amortization expense | 3 | 5.72 | | 7.98 | |
| Other Expenses | 13 | 184.66 | | 256.37 | |
| Total Expenses | | | 2,49,699.39 | | 1,040.74 |
| Profit/(Loss) before exceptional items and tax | | | (2,49,699.39) | | (1,040.74) |
| Exceptional Items (Net) | | | - | | - |
| Profit/(Loss) Before Tax | | | (2,49,699.39) | | (1,040.74) |
| Profit/(Loss) for the Year | | | (2,49,699.39) | | (1,040.74) |
| Other Comprehensive Income | | | - | | - |
| Total Comprehensive Income for the Year | | | (2,49,699.39) | | (1,040.74) |
| Earnings per Share of face value of Rs.10/- each | | | | | |
| Basic | | | (4.74) | | (0.02) |
| Diluted | | | (4.74) | | (0.02) |
| Corporate Information and Significant Accounting Policies | 1 & 2 | | | | |
| See accompanying notes to the financial statements | | | | | |

As per our audit report of even date attached for M.Bhaskara Rao & Co.

Chartered Accountants




V.K. Muralidhar
Partner

Hyderabad

Date: 11th MAY, 2017

for and on behalf of the Board



Narayana Raju Alluri
Director
DIN: 00026723



A.S.N. Raju
Director
DIN: 00017416

NCC VIZAG URBAN INFRASTRUCTURE LIMITED
Cash Flow Statement for the Year Ended March 31, 2017

(Amount in Thousands)

| DESCRIPTION | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| A. Cash Flow from operating activities: | | |
| Net Profit/(Loss) before taxation | (190.58) | (1,040.85) |
| <u>Adjustment for</u> | | |
| Depreciation/ Amortisation | 5.72 | 7.98 |
| Interest and finance Charges | 2,49,509.13 | 2,18,159.82 |
| Operating Profit before Working Capital Changes | 2,49,324.27 | 2,17,127 |
| <u>Adjustment for Changes in</u> | | |
| Other current Assets | (22.19) | (21.68) |
| Inventories - Property Development Cost | | |
| Trade payables and Other Liabilities | (853.76) | 9.00 |
| Cash used in operations | 2,48,448.32 | 2,17,114 |
| Taxes Paid | - | - |
| Net cash generated in Operating Activities | 2,48,448.32 | 2,17,114 |
| B. Cash Flow from Investing Activities: | | |
| Purchase of fixed assets and other capital expenditure | - | - |
| Investments in subsidiaries | - | - |
| Investment in Associates | - | - |
| Loans to Subsidiaries | - | - |
| Net cash generated/ (used) in Investing Activities | - | - |
| C. Cash flow from Financing activities: | | |
| Proceeds from issue of Shares | - | - |
| Long Term Funds (Repaid)/ borrowed | 1,025.17 | 891.18 |
| Repayment of short term Borrowings | - | - |
| Proceeds received from parent company | - | - |
| Interest Paid | (2,49,509.13) | (2,18,159.82) |
| Net cash used in Financing Activities | (2,48,483.95) | (2,17,268.64) |
| Net change in Cash and Cash Equivalents (A+B+C) | (35.63) | (154.37) |
| Cash and Cash Equivalents (Opening Balance) | 52.03 | 206.40 |
| Cash and Cash Equivalents (Closing Balance) | 16.41 | 52.03 |

As per our audit report of even date attached
for M.Bhaskara Rao & Co.

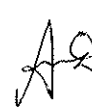
Chartered Accountants



V.K. Muralidhar
Partner



for and on behalf of the Board



Narayana Raju Alluri
Director
DIN: 00026723



A.S.N. Raju
Director
DIN: 00017416

Hyderabad

Date: 11th MAY, 2017

NCC VIZAG URBAN INFRASTRUCTURE LIMITED

Notes forming part of Financial Statements

NOTE 1: CORPORATE INFORMATION

NCC Vizag Urban Infrastructure Limited (the company) is an unlisted public company and incorporated under the provisions of the Companies Act, 1956. The company is a subsidiary of NCC Limited. The company is incorporated as a Special purpose Vehicle for developing a Housing Project at Madhurawada, Vizag, Andhra Pradesh.

1.1 Applicability of new and revised Ind AS:

The Financial Statements of NCC Vizag Urban Infrastructure Limited, for the year ended 31 March, 2017 have been prepared in accordance with Ind AS. This is the Company's first set of Financial Statements in accordance with Ind AS. For the purpose of transition into Ind AS, the Company has followed the guidance prescribed in Ind AS 101- First time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

NOTE 2: ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

Upto the year ended March 31, 2015, the Company prepared its financial statements in accordance with the requirements of previous generally accepted accounting principles ("Previous GAAP"), which includes Accounting Standards ("AS") notified under the Companies (Accounting Standards) Rules, 2006 and prescribed under Section 133 of the Companies Act, 2013, as applicable and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/ Companies Act, 1956 ("the 1956 Act"), as applicable.

2.2 Basis of Preparation and presentation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period.

2.3 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.4 Property, Plant and Equipment:

Property, Plant and Equipment are stated at cost of acquisition, less accumulated depreciation thereon. Depreciation is provided on the basis of useful lives given in Schedule II of Companies Act, 2013.



NCC VIZAG URBAN INFRASTRUCTURE LIMITED

Notes forming part of Financial Statements

2.5 Financial instruments:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost

2.6 Inventories

a. Property Development:

Properties held for sale or development is valued at cost. Cost comprises cost of land and direct development expenditure.

2.7 Borrowing Costs:

Borrowing Costs that are directly attributable to acquisition or construction of a qualifying asset viz., fixed asset or inventory are capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time i.e., more than 12 months to get ready for its intended use. All other borrowing costs are charged to revenue

2.8 Earnings Per Share :

The earnings considered in ascertaining the company's Earnings per share (EPS) comprise the net profit / (loss) after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period/year.



NCC VIZAG URBAN INFRASTRUCTURE LIMITED

Notes forming part of Financial Statements

2.9 First-time adoption-mandatory exceptions, optional exemptions

The financial statements of NCC Vizag Urban Infrastructure Limited for the year ended March 31, 2017, have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS101-First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes there to and accounting policies and principles. The accounting policies set out in Note1 have been applied in preparing the financial statements for the year ended March31, 2017 and the comparative information.

2.10 Exemptions availed on first time adoption of Ind AS 101

Ind-AS101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IndAS. The Company has accordingly applied the following exemptions

a. Deemed Cost for Property, plant and equipment

The Company has elected to continue with the carrying value of all of its property plant and equipment recognised as of April, 1, 2015 (transition date) measure as per the previous GAAP and use that carrying value as its deemed cost as of the transaction date.

2.11 Reconciliations

There is no impact of the transition from previous GAAP to Ind AS which has effected the Company's Balance Sheet and Statement of Profit and Loss



NCC VIZAG URBAN INFRASTRUCTURE LIMITED
Notes forming part of Financial Statements

(Amount in Thousands)

| Notes | Description | As At March 31, 2017 | | As At March 31, 2016 | | As At April 1, 2015 | |
|-------|--|----------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| | | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| 4 | Inventories Property Development Cost | | 21,85,916.00 | | 21,85,916.00 | | 19,68,532.68 |
| | Total | | 21,85,916.00 | | 21,85,916.00 | | 19,68,532.68 |
| 5 | FINANCIAL ASSETS Cash and cash equivalents: Cash on Hand | | 0.25 | | 8.46 | | 8.57 |
| | Balances with Scheduled Banks: - in Current Account | | 16.15 | | 43.58 | | 197.83 |
| | Total | | 16.41 | | 52.03 | | 206.40 |
| 6 | OTHER CURRENT ASSETS Loans and Advances: (Unsecured and considered good) | | | | | | |
| | Advances to Others | | 4,612.36 | | 4,612.36 | | 4,616.36 |
| | Service Tax Receivable | | 1,361.83 | | 1,339.64 | | 1,313.97 |
| | Total | | 5,974.19 | | 5,952.00 | | 5,930.33 |



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A. Equity Share Capital

(Amount in Thousands)

| Description | Balance at the beginning of the reporting period | Changes in equity share capital during the year | Balance at the end of the reporting period |
|------------------------------------|--|---|--|
| No of Shares Authorised | 55,000.00 | - | 55,000.00 |
| No of Shares Issued | 52,625.00 | | 52,625.00 |
| No of Shares Subscribed and paidup | 52,625.00 | | 52,625.00 |
| Face Value | 10/- | | 10/- |
| Equity Share Capital | 5,26,250.00 | - | 5,26,250.00 |

B. Other Equity

(Amount in Thousands)

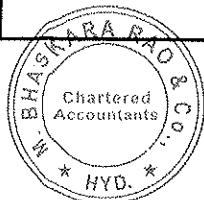
| Description | Retained Earnings | Reserves | Total |
|---|-------------------|----------|------------|
| Opening balance as at April 1, 2016 | (6,918.93) | - | (6,918.93) |
| Changes in accounting policy / prior period errors | - | - | - |
| Restated balance at the beginning of the reporting period | - | - | - |
| Total comprehensive income for the year | - | - | - |
| Dividends | - | - | - |
| Transfer to retained earnings | (2,49,699.39) | - | ##### |
| Any other changes (to be specified) | | - | - |
| Balance at the end of the March 31, 2017 | (2,56,618.33) | - | ##### |



NCC VIZAG URBAN INFRASTRUCTURE LIMITED
Notes forming part of Financial Statements

(Amount in Thousands)

| Notes | Description | As At March 31, 2017 | | As At March 31, 2016 | | As At April 1, 2015 | | |
|---|---|--|----------------------|----------------------|---------------------|---------------------|--------------|--------------|
| | | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | |
| 7 | Share Capital Authorised 5,50,00,000 Equity Shares of Rs.10/- each. | | 5,50,000.00 | | 5,50,000 | | 5,50,000 | |
| | | | 5,50,000 | | 5,50,000 | | 5,50,000 | |
| | | Issued, Subscribed And Paid Up 5,26,25,000 Equity Shares of Rs.10/- each fully paid | 5,26,250 | | 5,26,250 | | 5,26,250 | |
| | | | 5,26,250 | | 5,26,250 | | 5,26,250 | |
| | | Total | | | | | | |
| 7.a | Reconciliation of the number of Shares Outstanding: | | | | | | | |
| | Description | As At March 31, 2017 | | As At March 31, 2016 | | As At April 1, 2015 | | |
| | | | Nos | | Nos | | Nos | |
| | At the beginning of the year | | 5,26,250 | | 5,26,250 | | 5,26,250 | |
| | At the end of the year | | 5,26,250 | | 5,26,250 | | 5,26,250 | |
| 7.b The company has only one class of shares - Equity shares having a par value of Rs. 10/- per each share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board is subject to approval by the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the numbers of equity shares held by the share holder. | | | | | | | | |
| 7.c Shares held by the Holding Company: | | | | | | | | |
| Description | As At March 31, 2017 | | As At March 31, 2016 | | As At April 1, 2015 | | | |
| | Number | Amount | Number | Amount | Number | Amount | | |
| NCC LIMITED - Holding Company | 50,000 | 5,00,000 | 50,000 | 5,00,000 | 50,000 | 5,00,000 | | |
| 7.d Details of shareholders holding more than 5% of shares in the Company: | | | | | | | | |
| Name of Shareholder | As At March 31, 2017 | | As At March 31, 2016 | | As At April 1, 2015 | | | |
| | held | % of Holding | held | % of Holding | held | % of Holding | | |
| NCC LIMITED Holding Company | 50,000 | 95% | 50,000 | 95% | 50,000 | 95% | | |
| AVSR Holdings Private Limited | 2,625 | 5% | 2,625 | 5% | 2,625 | 5% | | |
| Total | 52,625 | 100% | 52,625 | 100% | 52,625 | 100% | | |
| 8 | Other Equity | | | | | | | |
| | Description | Retained Earnings | Reserves | Total | | | | |
| | | | Others | | | | | |
| | Opening balance as at April 1, 2016 | (6,918.93) | | (6,918.93) | | | | |
| | Changes in accounting policy / prior period errors | - | | - | | | | |
| | Restated balance at the beginning of the reporting period | - | | - | | | | |
| | Total comprehensive income for the year | - | | - | | | | |
| | Dividends | - | | - | | | | |
| Transfer to retained earnings | (2,49,699.39) | | (2,49,699.39) | | | | | |
| Any other changes (to be specified) | | | - | | | | | |
| Balance at the end of the March 31, 2017 | (2,56,618.33) | | (2,56,618.33) | | | | | |
| 9 | Borrowings Unsecured From Holding Company | | 19,19,263.11 | | 16,68,729.12 | | 14,49,620.55 | |
| | | Total | | 19,19,263.11 | | 16,68,729.12 | | 14,49,620.55 |
| | | (Includes interest , Rs 24,95,08.816 thousands for the year March 31,2017 (Rs21,73,83.317 thousands March 31,2016) | | | | | | |
| 10 | Other Current Liabilities | Retention Money | 84.93 | | 66.62 | | 59.42 | |
| | | Advance from Others | 1,564.99 | | 1,564.99 | | 1,563.19 | |
| | | Statutory Liabilities | 1,252.23 | | 49.06 | | 34.90 | |
| | | Other Liabilities | 110.29 | | 2,185.52 | | 3,033.75 | |
| | | Total | | 3,012.43 | | 3,866.18 | | 4,691.26 |



NCC VIZAG URBAN INFRASTRUCTURE LIMITED
Notes forming part of the Financial Statements as at March 31, 2017

| NOTE: 3 PROPERTY, PLANT AND EQUIPMENT | | | | | | (Amount in Thousands) |
|--|------------------|----------------------|-----------------|-------|--|-----------------------|
| Description | Office Equipment | Furniture & Fixtures | Office Vehicles | Total | | |
| Cost as at April 1, 2016 | 12.70 | 12.38 | 39.68 | 64.76 | | |
| Additions | - | - | - | - | | |
| Disposals | - | - | - | - | | |
| Cost as at March 31, 2017 | 12.70 | 12.38 | 39.68 | 64.76 | | |
| Accumulated depreciation April 1, 2016 | 12.70 | 9.65 | 36.06 | 58.42 | | |
| Depreciation for the year | - | 2.11 | 3.62 | 5.72 | | |
| Depreciation on deletions | - | - | - | - | | |
| Accumulated depreciation March 31, 2017 | 12.70 | 11.76 | 39.68 | 64.14 | | |
| Net Carrying amount as at March 31, 2017 | - | 0.62 | - | 0.62 | | |
| <hr/> | | | | | | |
| Description | Office Equipment | Furniture & Fixtures | Office Vehicles | Total | | |
| Cost as at April 1, 2015 | 12.70 | 12.38 | 39.68 | 64.76 | | |
| Additions | - | - | - | - | | |
| Disposals | - | - | - | - | | |
| Cost as at March 31, 2016 | 12.70 | 12.38 | 39.68 | 64.76 | | |
| Accumulated depreciation April 1, 2015 | 12.70 | 7.17 | 30.56 | 50.44 | | |
| Depreciation for the year | - | 2.48 | 5.50 | - | | |
| Depreciation on deletions | - | - | - | 64.76 | | |
| Accumulated depreciation March 31, 2016 | 12.70 | 9.65 | 36.06 | 58.42 | | |
| Net Carrying amount as at March 31, 2016 | - | 2.72 | 3.62 | 6.34 | | |
| Net Carrying amount as at March 31, 2015 | - | 5.20 | 9.12 | 14.32 | | |



NCC VIZAG URBAN INFRASTRUCTURE LIMITED
Notes forming part of Financial Statements

(Amount in Thousands)

| | Description | Year Ended March 31, 2017 | | Year Ended March 31, 2016 | |
|----|--|------------------------------|--------------------|------------------------------|--------------------|
| | | Rupees | | Rupees | |
| 11 | Changes in inventories of finished goods, stock-in-trade and work-in-progress | | | | |
| | Construction Work-in-Progress | | | | |
| | - Opening Balance | | 11,83,679.68 | | 9,66,296.36 |
| | - Closing Balance | | 11,83,679.68 | | 11,83,679.68 |
| | Total | | - | | (2,17,383.32) |
| 12 | Financial Costs | | | | |
| | Interest | | 2,49,508.90 | | 2,18,159.71 |
| | Financial Charges | | | | |
| | Bank Charges | | 0.11 | | 0.00 |
| | Total | | 2,49,509.01 | | 2,18,159.71 |
| 13 | Other Expenses | | | | |
| | Watch and Ward | | 138.19 | | 144.30 |
| | Boarding & Lodging Expenses | | - | | 2.45 |
| | Office Maintenance | | 0.01 | | |
| | Traveling and Conveyance | | - | | 10.59 |
| | Filing Fees | | 0.69 | | 1.80 |
| | Legal and Professional Charges | | 15.08 | | 32.20 |
| | Audit Fees | | 30.00 | | 65.03 |
| | Other expenses | | 0.69 | | - |
| | Total | | 184.66 | | 256.37 |



NCC VIZAG URBAN INFRASTRUCTURE LIMITED

Notes forming part of Financial Statements

Notes No 14: Additional information to the Financial Statements

14(a).Contingent Liabilities: NIL (Previous Year : NIL)

14(a)(i). Project Information and Status:

- a. NCC Limited, pursuant to the Request for Proposal from Andhra Pradesh Housing Board (APHB) participated in the bidding. Being the highest and successful bidder, APHB issued a Letter of Award (LOA) dated 31.12.2005 in favour of a consortium led by NCC Limited. Other participant in the consortium is M/s Uppal Housing Private Limited.
- b. Pursuant to the said LOA, NCC Limited incorporated the company as a Special Purpose Vehicle. A Development Agreement dated 16.03.2007 has been entered into between APHB and the company.
- c. The company, during 2005-06 to 2007-08, paid an amount of Rs 90,68,36,000 towards Development Fee and Rs 5,10,84,305 towards interest on delayed payments of Development Fee to APHB.
- d. APHB handed over 97.30 acres (approx.) to the company. The company has to design, plan, finance and market, develop necessary infrastructure, provide necessary services, operate and maintain the infrastructure, administer and manage the project in accordance with the terms and conditions set out in the agreement with APHB. 90% of the area is earmarked for residential use (including for LIG housing) and 10 % of the area is earmarked for commercial use and other amenities.
- e. The company also should earmark 5% of the ground area as per permissible FSI towards LIG Housing. APHB would take possession of all LIG Housing units from the company for a consideration of Rs 450 per square foot of super built up area.
- f. The company, towards revenue share, shall pay to APHB 3.5 % for residential development, 4 % for commercial development and 4% for IT Park development of the gross revenue from the project. The timelines for such revenue share are set out in the agreement.
- g. The company submitted Detailed Project Report to APHB on 13.11.2007.
- h. After receiving the LOA and submitting a Detailed Project Report, the company for the first time came to know that part of the said land is earmarked as 'partly residential use, partly hill and partly agriculture land'. This fact came to the company's knowledge only when it applied to Visakhapatnam Urban Development Authority (VUDA), It was not disclosed to the company by APHB until then. Pursuant to the applicable laws, the company has applied for 'Change of Land Use' to 'Partly Residential and Partly Commercial Zone'. In this regard, the company paid an amount of Rs 2,71,05,143/- to VUDA towards conversion charges. Subsequently, the Government of Andhra Pradesh has vide Memo dated 20.11.2008, granted conversion / change of land use to an extent of Acres 14.80 cents to residential. However, the application for the conversion of the land to the extent of 49.50 acres is still pending with the Government Authorities and the management is pursuing for the said requisite conversion. The company could not commence its project with a smaller extent of land, as it would have adversely affected the viability of the project.
- i. As per the provisions of the agreement, the company shall obtain all requisite approvals from government authorities and other persons for purposes of project including approvals for constructing and developing the project and operating and maintaining the project. APHB shall exercise reasonable efforts in assisting the company to obtain the requisite approvals from the Government of Andhra Pradesh.
- j. For developing the project, the company obtained some of the requisite approvals from respective government authorities. The company also submitted detailed drawings to Greater Visakhapatnam Municipal Corporation (GVMC) on 08.11.2007. Approvals from GVMC and other balance of the approvals could not be obtained by the company, as on the reporting date, due to non conversion of remaining land to the extent of 49.50 Acres. An Unregistered Power of Attorney (POA) was issued by APHB to the company on 04.02.2010. The POA is yet to be registered and revalidated by APHB in company's favor.



NCC VIZAG URBAN INFRASTRUCTURE LIMITED

Notes forming part of Financial Statements

As per the provisions of the agreement, the company shall complete the project within 30 months from the date of signing the POA.

- l. The company submitted proposals along with drawings and plans for construction of villas in part of the land where conversion was granted to APHB for onward submission to GVMC for sanction. APHB is yet to forward the same to GVMC for sanction.
- m. The company also completed preliminary works such as jungle clearance, feasibility certificates for supply of power, water etc. and solid waste disposal.
- n. The company, during December 2013, received a Notice dated December 16, 2013 from APHB terminating the said development agreement as the project has not been commenced, seeking re-possession of the entire land immediately and revoking the POA.
- o. Against the said notice, the Company filed a writ petition (WP No:202 of 2014) dated January 2, 2014 before the Hon'ble High Court of Andhra Pradesh. In this regard, the Hon'ble High court has issued an order stating for maintenance of status quo an posting the case for hearing on January 28, 2014. However, the matter is yet to be heard and disposed of. Consequently, there is no impact of the said action by APHB, on the financial statements of the company as at 31-3-2017.
- p. Further, during the year under report, the Company further escalated the issue with the Government Authorities for resolving the matter.
- q. Though the development of the project has been delayed due to factors completely beyond the control of the company, the company is confident of resolving the issues in its favor, and also for obtaining all the requisite sanctions, permissions and clearances including conversion of land. Considering the substantial appreciation in the surrounding land values and increase in commercial activities in the vicinity of the land, company is confident of economic viability of the project. Further company is also of the opinion that there would not be any impairment, in recovery of the Property Development. Impairment if any will be recognized in the year of such indication.
- r. Accordingly, the following costs including the borrowing costs incurred up to the reporting period have been accumulated under Property Development.
 - o Rs.90,68,36,000/- towards development fee paid to Andhra Pradesh Housing Board for developing the housing project at Madhurawada, Visakhapatnam.
 - o Rs.5,10,84,305/- towards interest paid to Andhra Pradesh Housing Board.
 - o Rs.2,71,05,143/- paid to Vizag Urban Development Authority towards development charges
 - o Rs.1,17,02,454/- towards consultation charges
 - o Rs.118,36,79,679 /-(Previous year Rs. 118,36,79,679/-) Interest on borrowings from Holding Company..
 - o Rs.55,08,415/- paid towards land development charges.



NCC Vizag Urban Infrastructure Limited
 Additional Financial Disclosures (Fit For Consolidation by NCC Ltd) - Year Ended March 31, 2017

A Investment Property - Fair Value Disclosures NOT APPLICABLE

B Unrecognised deductible temporary differences, unused tax losses and unused tax credits

| | Amount in Thousands | | |
|--|-------------------------|----------------------------|------------------------|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Deductible temporary differences, unused tax losses and unused tax credits for which | | | |
| -Unused Business and Depreciation loss | 2,56,618.33 | 6,918.93 | 5,878.08 |
| | 2,56,618.33 | 6,918.93 | 5,878.08 |

C Financial Instruments

Capital management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain / enhance credit rating.

The Company determines the amount of capital required on the basis of long-term strategic plans. The funding requirements are met through long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital and other revenue reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

The following table summarises the capital of the Company:

| | Amount in Thousands | | |
|--|-------------------------|-------------------------|------------------------|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Equity | 2,69,631.67 | 5,19,331.07 | 5,20,371.92 |
| Long Term Borrowings | - | - | - |
| Short Term Borrowings and Payables | 19,19,263.11 | 16,68,729.12 | 14,49,620.55 |
| Cash and cash equivalents | (16.41) | (52.03) | (206.40) |
| Net debt | 19,19,246.71 | 16,68,677.09 | 14,49,414.15 |
| Total capital (equity + net debt) | 21,88,878.38 | 21,88,008.15 | 19,69,786.07 |

Categories of financial instruments

| | Amount in Thousands | | |
|------------------------------|-------------------------|-------------------------|------------------------|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Financial assets | | | |
| Measured at amortised cost | | | |
| Cash and bank balances | 16.41 | 52.03 | 206.40 |
| Financial liabilities | | | |
| Measured at cost | 19,19,263.11 | 16,68,729.12 | 14,49,620.55 |



Notes No 14 : Additional information to the Financial Statements

14.b Segmental Information

As the activities of the company falls under single business segment and geographical segment and there are no other reporting segments, no segment disclosure has been made in these financial statements

14.c Related Party Transactions:

Following is the list of related parties and relationships

| Name of the Related party | Relationship |
|----------------------------------|-------------------|
| NCC Limited | Holding Company |
| NCC Urban Infrastructure Limited | Fellow Subsidiary |

Related Party transactions during the year ended March 31, 2017

(Amount in Thousands)

| Sl No | Particulars | Holding Company | | Fellow Subsidiary | |
|-------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | Year Ended 31.03.2017 | Year Ended 31.03.2016 | Year Ended 31.03.2017 | Year Ended 31.03.2016 |
| 1 | Unsecured Borrowings | --- | --- | - | --- |
| 2 | Interest Paid/Provided | 2,49,508.90 | 2,18,159.71 | --- | --- |

Credit balances outstanding as on 31.03.2017

| Sl No | Particulars | Holding Company | | Fellow Subsidiary | |
|-------|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | Year Ended 31.03.2017 | Year Ended 31.03.2016 | Year Ended 31.03.2017 | Year Ended 31.03.2016 |
| 1 | NCC Limited | 19,19,263.11 | 16,68,729.12 | --- | --- |
| 2 | NCC Urban Infrastructure Limited | --- | --- | 1,564.99 | 1,564.99 |

14.d Earning Per Share

| Sl.No | Particulars | 31.03.2017 | 31.03.2016 |
|-------|--|------------------|------------------|
| | | Rupees | Rupees |
| 1 | Net Profit available for Equity shareholders | (2,49,699.39) | (1,040.74) |
| 2 | Weighted Average number of equity shares for Basic EPS | Nos 52,625.00 | Nos 52,625.00 |
| 3 | Weighted Average number of equity shares for Diluted EPS | 52,625.00 | 52,625.00 |
| 4 | Face value per share | Rs.10/- | Rs.10/- |
| 5 | Basic EPS | (4.74) | (0.02) |
| 6 | Diluted EPS | (4.74) | (0.02) |

14.c Specified Bank Notes Disclosure (SBN's)

(Amount in Thousands)

| Particulars | SBNs | Other denomination notes | Total |
|--|------|--------------------------|-------|
| | | | |
| Closing cash in hand as on November 8,2016 | 7.50 | 0.25 | 7.75 |
| (+) Permitted receipts | - | - | - |
| (-) Permitted payments | - | - | - |
| (-) Amount deposited in Banks | 7.50 | - | 7.50 |
| Closing cash in hand as on December 30, 2016 | - | 0.25 | 0.25 |

14.f Provision for income tax has not been made in view of loss for the period. Deferred tax asset has not been provided as a measure of prudence.

14.g The Company has not received any information 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 period end together with interest paid / payable as required under the said Act have not been given.

14.h Expenditure / income in foreign currency - Rs. Nil (Previous Year - Rs. Nil)

14.i Figures of previous period have been regrouped / rearranged wherever necessary to conform to the current period presentation

Signatures to the Notes of Accounts 1 to 14i

for M.Bhaskara Rao & Co.
Chartered Accountants

For and on behalf of the Board



V.K. Muralidhar
Partner



Narayana Raju Alluri
Director
DIN: 00026723



A.S.N.Raju
Director
DIN: 00017416

Date: 10th MAY 2017

