

## Independent Auditors' Report

To  
The Members of  
NCC Vizag Urban Infrastructure Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **NCC Vizag Urban Infrastructure Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

### Management's Responsibility for the Financial Statements

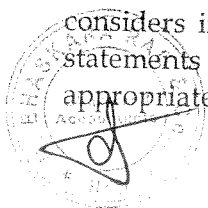
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in 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 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 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 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 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 the 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 financial controls relevant to the Company's preparation of the 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 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 financial statements.

### 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, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

### Emphasis of Matters

a) We draw attention to the following notes in the financial statements:

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.

The company's inventories (property development) carried in the Balance Sheet at Rs 2,185,915,996 /. The management has stated the inventories at cost. Cost includes interest up to March 31, 2016, Rs 118,36,79,679/-.

Andhra Pradesh Housing Board (APHB) from whom the company has obtained the Development Rights in this regard has issued a Show Cause Notice dated December 16, 2013 to the company, terminating the development agreement, seeking repossession of entire land and revoking Power of Authority issued in favour of the company on February 04, 2010.

Against the said Show Cause Notice, the company approached the Honorable High Court of Judicature at Hyderabad. Honorable High Court of Judicature at Hyderabad has issued a Stay Order in this regard and ordered the APHB to maintain status quo.

The company's management is confident and of the view that the above stated litigation would be resolved in its favour and would not result in any material provisions/write offs/adjustments in the financial statements of the company. Further, The Company's management is confident of obtaining all the requisite approvals for the development of the property, financial viability of the project, meeting the requisite funding obligations for successful completion of the project. Based on these assertions, the management, prepared the financial statements on a going concern basis.

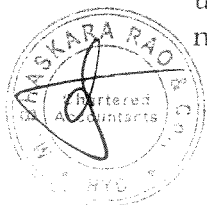
Since the matter is sub-judice, the outcome of which is not determinable at this stage, we are unable to comment on the consequential impact, if any, on the financial statements and also on the going concern basis.

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 and the Cash Flow statement dealt 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 matter relating to contingent liability described in paragraph (a) under the Emphasis of Matters 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 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.
  - g. 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
  - h. 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 no 14(a)(i) to the financial statements;
    - ii. According to the information and explanations given to us and in our opinion, the company has not entered into any long term contracts including derivative contracts. Hence, reporting on making provisions as required under any law or accounting standards, for material foreseeable losses does not arise , at present.



- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund.

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



  
V K Muralidhar  
Partner  
Membership No.201570

Hyderabad, May 11, 2016

**Annexure A to the Independent Auditors' Report**

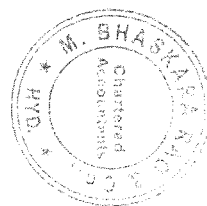
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of NCC Vizag Urban Infrastructure Limited)

- (i) In respect of 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 are 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 Companies Act, 2013 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.

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



V K Muralidhar  
Partner  
Membership No.201570

Hyderabad, May 11, 2016

**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, 2016 in conjunction with our audit of the 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



### Meaning of Internal Financial Controls over Financial Reporting

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

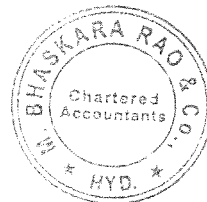
### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

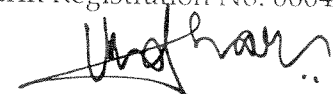
### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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, 2016



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, 2016**

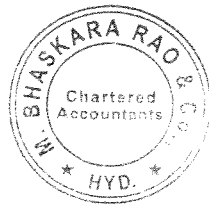
Description	Note	As At March 31, 2016		As At March 31, 2015	
		Rupees	Rupees	Rupees	Rupees
<b>I. EQUITY AND LIABILITIES</b>					
<b>1. Share Holders' Funds</b>					
(a) Share capital	3	52,62,50,000		52,62,50,000	
(b) Reserves and surplus	4	(69,18,934)	51,93,31,066	(58,78,081)	52,03,31,066
<b>2. Current liabilities</b>					
(a) Short-term borrowings	5	1,66,87,29,120		1,44,96,20,550	
(b) Other current liabilities	6	38,66,184	1,67,25,95,304	46,91,255	1,45,43,31,066
<b>Total</b>			<b>2,19,19,26,370</b>		<b>1,97,46,81,066</b>
<b>II ASSETS</b>					
<b>1. Non-current assets</b>					
(a) Fixed assets					
(i) Tangible assets	7		6,339		1,97,46,81,066
<b>2. Current assets</b>					
(a) Inventories	8	2,18,59,15,996		1,96,85,32,679	
(b) Cash and cash equivalents	9	52,032		2,06,402	
(c) Short-term loans and advances	10	59,52,004	2,19,19,20,032	59,30,327	1,97,46,81,066
<b>TOTAL</b>			<b>2,19,19,26,370</b>		<b>1,97,46,81,066</b>
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



for and on behalf of the Board



Director



Director

Hyderabad

Dated 11.05.2016

**NCC VIZAG URBAN INFRASTRUCTURE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

Description	Note	Year Ended	Year Ended
		March 31, 2016	March 31, 2015
		Rupees	Rupees
Revenue from operations			
<b>Total Revenue</b>		-	-
<b>EXPENDITURE</b>			
Administrative Expenses	11	2,56,372	2,62,359
Interest and Financial Charges	12	21,81,59,820	18,86,84,679
Depreciation	7	7,978	6,508
(Increase)/Decrease Work in progress	13	(21,73,83,317)	(18,85,37,108)
<b>Total Expenses</b>		10,40,853	4,16,438
<b>Extraordinary items</b>		-	-
<b>Profit/(Loss) Before Tax</b>		(10,40,853)	(4,16,438)
Less: Provision for Taxation		-	-
<b>Profit/(Loss) After Tax</b>		<b>(10,40,853)</b>	<b>(4,16,438)</b>

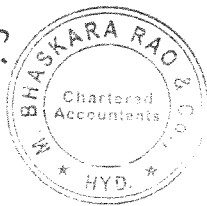
As per our audit report of even date attached  
for M. Bhaskara Rao & Co.

Chartered Accountants

*V.K. Muralidhar*

V.K. Muralidhar

Partner



for and on behalf of the Board

*A.S. Kapur*

Director

*A.S. Kapur*

Director

Hyderabad

Dated 11.05.2016

**NCC VIZAG URBAN INFRASTRUCTURE LIMITED**  
Cash Flow Statement for the Year Ended March 31, 2016

DESCRIPTION	Year Ended March 31, 2016	Year ended March 31, 2015
<b>A. Cash Flow from operating activities:</b>		
Net Profit/(Loss) before taxation and extra ordinary Items	(10,40,853)	(4,16,438)
<u>Adjustment for</u>		
Depreciation/ Amortisation	7,978	6,508
Prior Period Items	-	-
Provision for Gratuity and Leave Encashment	-	-
Interest and finance Charges	114	790
<b>Operating Loss before Working Capital Changes</b>	<b>(10,32,761)</b>	<b>(4,09,140)</b>
<u>Adjustment for Changes in</u>		
Trade and Other Receivables	(21,677)	(19,290)
Inventories - Property Development Cost		
Trade payables and Other Liabilities	9,000	7,416
Cash used in operations	(10,45,438)	(4,21,014)
Taxes Paid	-	-
<b>Net cash used in operating activities</b>	<b>(10,45,438)</b>	<b>(4,21,014)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of fixed assets and other capital expenditure	-	-
Investments in subsidiaries	-	-
Investment in Associates	-	-
Loans to Subsidiaries	-	-
<b>Net cash generated/ (used) in Investing Activities</b>	<b>-</b>	<b>-</b>
<b>C. Cash flow from Financing activities:</b>		
Proceeds from issue of Shares	-	-
Long Term Funds (Repaid)/ borrowed	8,91,182	6,22,221
Repayment of short term Borrowings	-	-
Proceeds received from parent company	-	-
Interest Paid	(114)	(790)
<b>Net cash generated in Financing Activities</b>	<b>8,91,068</b>	<b>6,21,431</b>
<b>Net change in Cash and Cash Equivalents (A+B+C)</b>	<b>(1,54,370)</b>	<b>2,00,417</b>
Cash and Cash Equivalents as at 1st April 2015 (Op Balance)	2,06,402	5,985
Cash and Cash Equivalents as at 31st March 2016 (Cl Balance)	52,032	2,06,402
	<b>(1,54,370)</b>	<b>2,00,417</b>

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

  
Director

  
Director

Hyderabad

Dated 11.05.2016

# NCC VIZAG URBAN INFRASTRUCTURE LIMITED

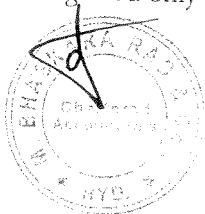
## Notes forming part of Financial Statements

### 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.

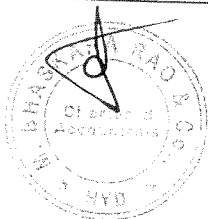
### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

- a) 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, 2013.
- b) **Inventories :**  
Property Development: Properties held for or under development are valued at lower of cost and net realizable value. Cost comprises all direct development expenditure including borrowing costs.
- c) **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.
- d) **Fixed Assets and Depreciation:**  
Fixed Assets are stated at cost of acquisition, less accumulated depreciation thereon. Depreciation is provided on the basis of useful life of the assets as prescribed in Schedule II of the Companies Act, 2013.
- e) **Taxes:**  
Current Tax:  
Provision for Current Tax is made based on taxable income computed for the year under the Income Tax Act, 1961.  
Deferred Taxes:  
Deferred Tax is accounted for by computing the tax effect of timing differences, which arise during the year and reverse in subsequent periods. Deferred tax assets other than unabsorbed losses and depreciation are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized. Deferred Tax assets arising on account of unabsorbed losses and depreciation are recognized only on virtual certainty of realization of such assets.



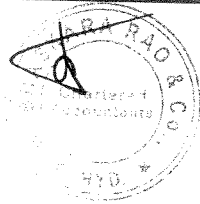
**NCC VIZAG URBAN INFRASTRUCTURE LIMITED**  
Notes forming part of Financial Statements

Notes	Description	As At March 31, 2016		As At March 31, 2015		
		Rupees	Rupees	Rupees	Rupees	
3	Share Capital Authorised 5,50,00,000 Equity Shares of Rs.10/- each.		55,00,00,000		55,00,00,000	
			55,00,00,000		55,00,00,000	
	Issued, Subscribed And Paid Up 5,26,25,000 Equity Shares of Rs.10/- each fully paid		52,62,50,000		52,62,50,000	
			52,62,50,000		52,62,50,000	
		Total				
3.a	Reconciliation of the number of Shares Outstanding:					
	Description	As At March 31, 2016		As At March 31, 2015		
			Nos		Nos	
	At the beginning of the year		5,26,25,000		5,26,25,000	
	At the end of the year		5,26,25,000		5,26,25,000	
3.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.					
3.c	Shares held by the Holding Company:					
	Description	As At March 31, 2016		As At March 31, 2015		
		Number	Amount (Rs.)	Number	Amount (Rs.)	
	NCC LIMITED - Holding Company	5,00,00,000	50,00,00,000	5,00,00,000	50,00,00,000	
3.d	Details of shareholders holding more than 5% of shares in the Company:					
	Name of Shareholder	As At March 31, 2016		As At March 31, 2015		
		held	% of Holding	held	% of Holding	
	NCC LIMITED Holding Company	5,00,00,000	95%	5,00,00,000	95%	
	AVSR Holdings Private Limited	26,25,000	5%	26,25,000	5%	
	Total	5,26,25,000	100%	5,26,25,000	100%	
4	Reserves and Surplus Securities premium account Opening Balance		52,50,000		52,50,000	
	Surplus in Statement of Profit and Loss Opening Balance		52,50,000		52,50,000	
			(1,11,28,081)		(1,07,11,643)	
	Loss for the year		(10,40,853)		(4,16,438)	
Total		(1,21,68,934)		(1,11,28,081)		
			(69,18,934)		(58,78,081)	
5	Short-term borrowings Unsecured From Others -Holding company		1,66,87,29,120		1,44,96,20,550	
	Total		1,66,87,29,120		1,44,96,20,550	



**NCC VIZAG URBAN INFRASTRUCTURE LIMITED**  
Notes forming part of Financial Statements

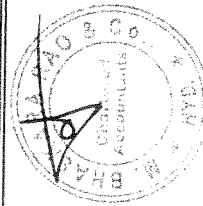
Notes	Description	As At March 31, 2016		As At March 31, 2015	
		Rupees	Rupees	Rupees	Rupees
6	<b>Other Current Liabilities</b>				
	Retention Money		66,616		59,416
	Advance from Others		15,64,989		15,63,189
	Other Liabilities		49,060		34,899
	Statutory Liabilities		21,85,519		30,33,751
	Total		38,66,184		46,91,255
8	<b>Inventories</b>				
	Property Development Cost		2,18,59,15,996		1,96,85,32,679
	Total		2,18,59,15,996		1,96,85,32,679
9	<b>Cash and Bank Balances:</b>				
	Cash on Hand		8,455		8,573
	Balances with Scheduled Banks: - in Current Account		43,577		1,97,829
	Total		52,032		2,06,402
10	<b>Loans and Advances:</b>				
	(Unsecured and good unless otherwise stated)				
	Advances to Suppliers, Sub-contractors and Others		59,52,004		59,26,327
	Deposits with and Others		-		4,000
	Total		59,52,004		59,30,327



NCC VIZAG URBAN INFRASTRUCTURE LIMITED

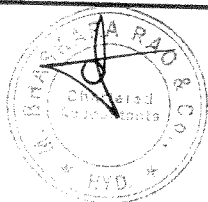
NOTE 7  
FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)					DEPRECIATION			(Amount in Rupees)	
	As At March 31, 2015	Additions during the Year	Deletions during the Year	As At March 31, 2016	Upto March 31, 2015	Depreciation For the Year	Upto March 31, 2016	As At March 31, 2016	As At March 31, 2015	
Office Equipment	12,700	-	-	12,700.00	12,700.00	-	12,700.00	-	-	
Furnitures and Fixtures	12,375	-	-	12,375	7,174.00	2,478.00	9,652.00	2,723.00	5,201.00	
Office Vehicles	39,680	-	-	39,680	30,564.00	5,500.00	36,064.00	3,616.00	9,116.00	
<b>Total</b>	<b>64,755</b>	<b>-</b>	<b>-</b>	<b>64,755</b>	<b>50,438</b>	<b>7,978</b>	<b>58,416</b>	<b>6,339</b>	<b>14,317</b>	
Previous Year	64,755	-	-	64,755	40,082	3,849	50,439	14,316	24,673	



**NCC VIZAG URBAN INFRASTRUCTURE LIMITED**  
Notes forming part of Financial Statements

	Description	Year Ended March 31, 2016		Year Ended March 31, 2015	
		Rupees		Rupees	
<b>11</b>	<b>Administrative Expenses</b>				
	Watch and Ward		1,44,300		1,44
	Boarding & Lodging Expenses		2,453		22
	Office Maintenance		-		65
	Traveling and Conveyance		10,594		12
	Filing Fees		1,800		6
	Legal and Professional Charges		32,200		12
	Audit Fees		65,025		
	<b>Total</b>		<b>2,56,372</b>		<b>2,62</b>
<b>12</b>	<b>INTEREST AND FINANCIAL CHARGES</b>				
	Interest		21,81,59,706		18,86,83
	<b>Financial Charges</b>				
	Bank Charges		114		
	<b>Total</b>		<b>21,81,59,820</b>		<b>18,86,84</b>
<b>13</b>	<b>(Increase)/Decrease Work in progress</b>				
	Construction Work-in-Progress				
	- Opening Balance		96,62,96,362		77,77,59,
	- Closing Balance		1,18,36,79,679		96,62,96,
			<b>(21,73,83,317)</b>		<b>(18,85,37,</b>





# 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, 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.
- k. 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 as



**NCC VIZAG URBAN INFRASTRUCTURE LIMITED**  
**Notes forming part of Financial Statements**

- 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 and 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 31-3-2016.
  - p. 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.
  - q. 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.96,62,96,362/-) Interest on borrowings from Holding Company.
    - o Rs.55,08,415/- paid towards land development charges.



**NCC VIZAG URBAN INFRASTRUCTURE LIMITED**

Notes forming part of Financial Statements

**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, 2016

SI No	Particulars	Holding Company		Fellow Subsidiary	
		Year Ended 31.03.2016	Year Ended 31.03.2015	Year Ended 31.03.2016	Year Ended 31.03.2015
1	Unsecured Borrowings	---	---	---	---
2	Interest Paid/Provided	21,81,59,706	18,86,83,889	---	---
<b>Credit balances outstanding as on 31.03.2016</b>					
SI No	Particulars	Holding Company		Fellow Subsidiary	
		Year Ended 31.03.2016	Year Ended 31.03.2015	Year Ended 31.03.2016	Year Ended 31.03.2015
1	NCC Limited	1,66,87,29,120	1,44,96,20,550	---	---
2	NCC Urban Infrastructure Limited	---	---	15,64,989	15,63,189

**14.d Earning Per Share**

S.No	Particulars	31.03.2016	31.03.2015
		Rupees	Rupees
1	Net Profit available for Equity shareholders	(10,40,853)	(4,16,438)
2	Weighted Average number of equity shares for Basic EPS	Nos 5,26,25,000	Nos 5,26,25,000
3	Weighted Average number of equity shares for Diluted EPS	5,26,25,000	5,26,25,000
4	Face value per share	Rs.10/-	Rs.10/-
5	Basic EPS	(0.02)	(0.01)
6	Diluted EPS	(0.02)	(0.01)

**14.e** 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.

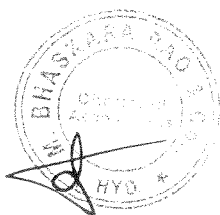
**14.f** The Company has not received any information from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the period end together with interest paid / payable as required under the said Act have not been given.

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

**14.h** As the company is still in project development stage, quantitative details of sales and information as required under paragraphs 5 (viii) (a), (b), (c), (d) and (e) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to Companies Act 2013 has not been given.

**14.h** 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 14h



For and on behalf of the Board

*[Signature]*  
Director

*[Signature]*  
Director

Place: Hyderabad

Dated 11.05.2016