

ANNUAL **REPORT** 2016-2017



Light at the end of the Tunnel.....

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LIGHT AT THE end OF THE TUNNEL.....

The infrastructure sector in India has witnessed significant recovery during the year. The Cabinet Committee on Economic Affairs, The Ministry of Road Transport and Highways, The Central Government have taken several initiatives to boost the overall Indian economy especially the infrastructure sector. The Central Government allocated a sum of INR 3,96,000 crores for catalysing infrastructural development in India.

Make in India, Smart Cities, Namami Gange, Pradhan Mantri Gram Sinchai Yojana, Atal Mission for Rejuvenation and Urban Transformation (AMRUT) are few of the major initiatives announced by the Government to give a new lease of life to the ailing infrastructure sector as well as the economy. Demonetization and GST are some of the path breaking reforms initiated by the Government to give a new fillip to the economy. We believe, in the long run these initiatives will be extremely beneficial to the economy at large and your company.

Your company has faced major headwinds in the past but now we believe that light at the end of the tunnel is slowly being seen. The Company has closely worked with all stakeholders on restructuring the debt profile and we will eventually come out better and stronger. The company may opt to monetise some

of its assets in order to leverage debt and tap newer market opportunities to reduce concentration risks. The Company has forged a unique business model characterised by backward integration of EPC operations and a cluster-based execution strategy which gives us the confidence that we will see better days going forward. The company is blessed with a healthy pipeline of projects and we have prioritised our projects, rescheduled our activities and optimized the delivery schedules. Even in turbulent times like last few years and with limited financing avenues, your company has managed to get new orders, execute existing ones and build a healthy and diversified order book portfolio. The management is confident that once the financial restructuring is completed very soon this year, the company would be back on its feet with improved revenues and profitability returning back to the company.

AT A GLANCE

We are an integrated infrastructure player with a presence across multiple EPC segments and a current portfolio of 11 BOT projects. Our diverse execution capabilities have enabled us to build a diversified presence in 6 segments – Roads, Bridges, Buildings, Railways, Power and Water Infrastructure. We are fully integrated in terms of raw material availability through the ownership of quarries, crusher plants, ready-mix concrete and wet mix plants. We also have a diversified presence in 13 states across India and cater to variety of clientele across the Government and the private sector. Our unique business model is characterised by backward integration of EPC operations and a cluster based execution strategy. This has enabled a smooth transition in the asset development space and allowed us to build robust portfolio of road BOT projects

63

EPC Segments we are present in

13

No of States where we are present

11

Current BOT Projects

04

Operational BOT Projects

03

Under Construction BOT Projects

02

C.O.D Achieved

02

N.H.A.I Takeover



₹ 3067.92

Crores Current Order Book
(as of March 31, 2017)

BUSINESS VERTICALS

Roads & Bridges

Buildings

Power

Railways

Others

TOTAL

Current Order Book As of March 31, 2017
(₹ In Crores)

1,992.46

818.43

241.97

7.72

7.34

3,067.92

Contribution to Total Order Book (%)

65%

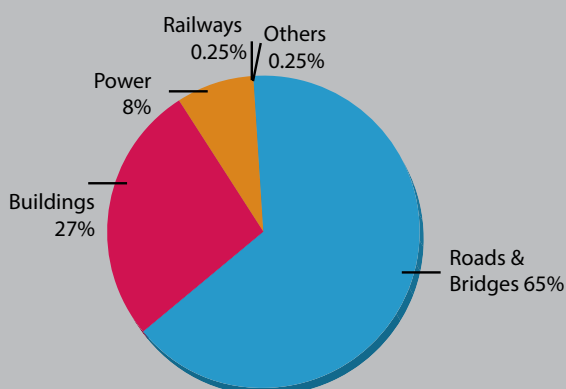
26.5%

8%

0.25%

0.25%

100%



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. B. H. Sharma

Executive Chairman

Mr. Vikram Sharma

Managing Director

Mr. Vikas Sharma

Whole Time Director & Chief Financial Officer

Mr. V. P. Singh

Independent Director

Mr. Vinod Agarwala

Independent Director

Mr. S.K.Mishra

Independent Director

Mrs. Nilima Mansukhani

Independent Director

Mr. Dakshendra Agarwal

Non-Executive Director

COMPANY SECRETARY

Mr. Vijay Joshi

STATUTORY AUDITORS

Walker Chandiok & Co LLP

Chartered Accountants

Shah & Kathariya

Chartered Accountants

BANKERS & INSTITUTIONS

State Bank of India

State Bank of Patiala

Union Bank of India

Punjab National Bank

Bank of India

Central Bank of India

Canara Bank

Syndicate Bank

ICICI Bank Ltd.

Axis Bank Ltd.

SREI Infrastructure Finance Ltd.

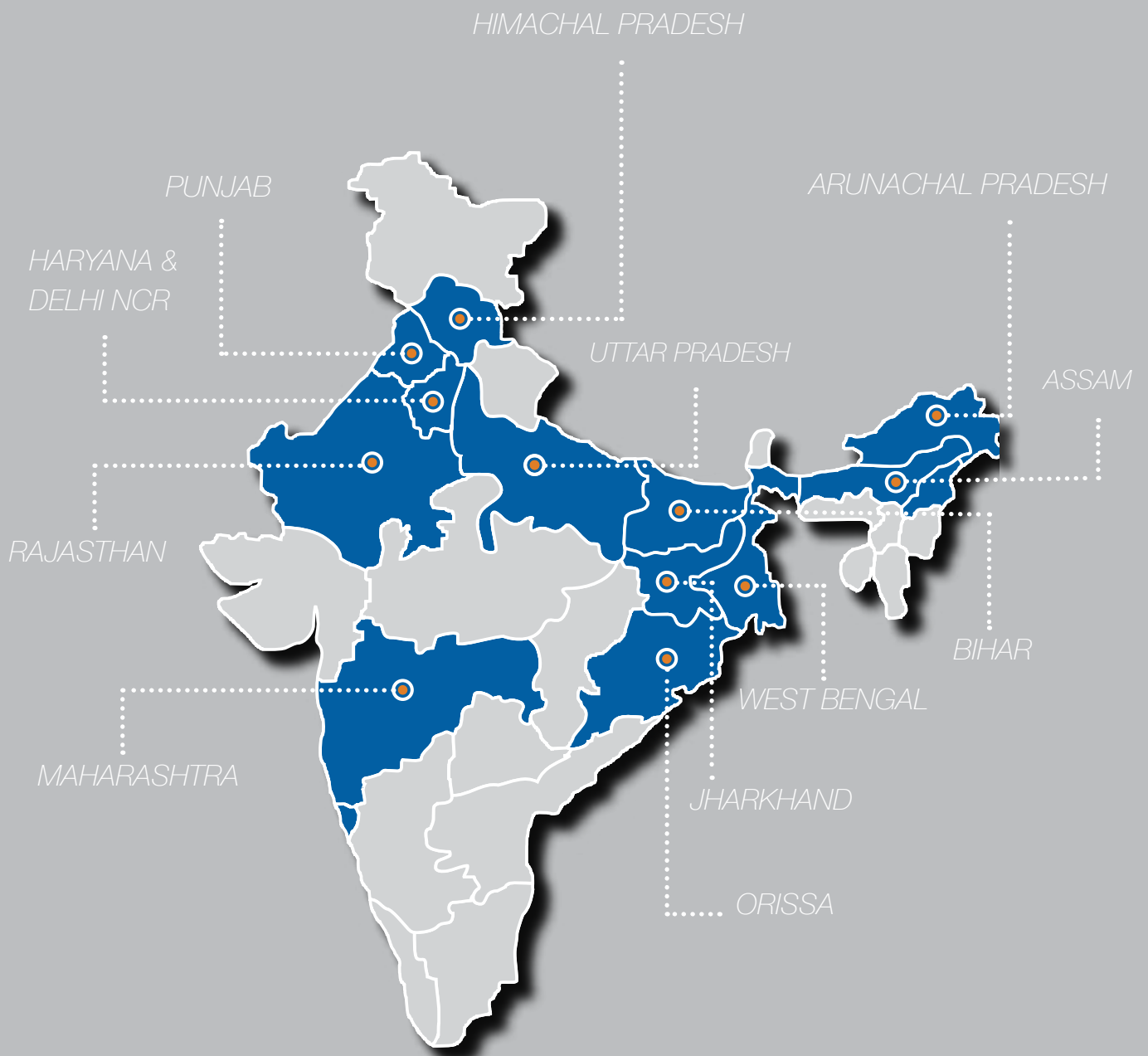
REGISTERED OFFICE

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Mumbai – 400 076
Tel: +91 22 6128 9700
Fax: +91 22 6128 9711
CIN No.: L74999MH1983PLC029752

REGISTRAR AND TRANSFER AGENTS

BIG SHARE SERVICES PVT. LTD.
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis Apartments,
Marol, Maroshi Road, Andheri East,
Mumbai 400059
Tel: +91 22 6263 8200

PAN INDIA PRESENCE



OUR OPERATIONAL BOT ASSETS



- MANOR WADA BHIWANDI, Maharashtra
- 5,540 Million Project Cost
- 49% Supreme Stake
- 4,132 Million Sanctioned Debt
- 70.9 Kms Road Length



- KOPARGAON AHMEDNAGAR TOLLWAYS PVT. LTD
- 2,340 Million Project Cost
- 51% Supreme Stake
- 1,490 Million Sanctioned Debt
- 55 Kms Road Length



- PATIALA NABHA MALERKOTLA, Punjab
- 930 Million Project Cost
- 100% Supreme Stake
- 650 Million Sanctioned Debt
- 55.7 Kms Road Length



- VASAI BHIWANDI, Maharashtra
- 2,140 Million Project Cost
- 100% Supreme Stake
- 1,890 Million Sanctioned Debt
- 26 Kms Road length

Projects Completed during the year

Roads & Bridges



Nagar Phase I Project

Roads & Bridges



Kotkapura Muktasar site

Water Infrastructure



Chetla Booster Pumping Station, Kolkata inaugurated by Ms. Mamta Banerjee, CM West Bengal

Water Infrastructure



Design and Construction of Combined (1.56ML*2) R.C.C Elevated Service Reservoir at Anandpur, ward no-108 on Turn key basis under JnNURM

Water Infrastructure



Design and Construction of 0.5 Mg Semi underground Reservoir Cum Pumping station and Ancillary Building and combined (2.74 ML+ 2.206 ML) R.C.C Elevated service reservoir at Mukundpur in ward No - 109 on Turnkey Basis under JnNurm

Buildings



Construction work of Rehab Building No 2 & 3 on the plot of land bearing CTS No 49 (pt) of village pahadi Goregaon, Yashwant Nagar, Goregaon (West), Mumbai- 400090

Projects Completed during the year

Roads & Bridges



Four laning of Sangli Shirol Road Project

Building



Construction of MICM at Tamando, Bhubaneswar

Building



Construction of 7400 (G+4) Nos Five storeyed EWS house under JNNURM. (DUSIB)

Roads & Bridge



Construction of Flyover at Rajnoli junction (Km. 549/200) and at Mankoli Junction (Km. 554/750) on NH3, Thane- Nashik Road, One Flyover at Mankoli (RHS) Handedover to MMRDA.

Water Infrastructure



Resurfacing and strengthening of Bituminous roads in Majiwada – Manpada ward Committee.

Project Inauguration Ceremony

Mankoli Flyover



Shri Devendra Fadnavis, Hon. CM Maharashtra

Chetla Booster Pumping Station



Ms. Mamta Banerjee, Hon. CM West Bengal

Prafulla Park



Mr. Bobby Hakim, Hon.Minister of Urban Development, West Bengal

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL ECONOMY OVERVIEW

The global economy is in the midst of a decade-long slow growth environment characterized by an imminent productivity growth crisis. The looming labour shortage in mature economies and skill deficiencies in emerging markets will add further challenges to global economic prospect. Global financial markets continue to face elevated levels of uncertainty notwithstanding the resilience to the outcomes of BREXIT referendum and the US election. Goldman Sachs expects global growth for 2017 to be 3.5%. The US has led this improvement by growing at 2-3% growth. Fiscal easing is also likely under the Trump administration, Europe's growth forecast is 1.5% which is consistent with the gradual labour market improvement, and Japan's growth rate is in the range of 1% due to weakness in the demographics and decline in the working age population. China is expected to grow by 6.5%; however, long-term concerns remain due to the continued rapid debt growth, which has a potential to cause financial weakness. Growth is projected to pick up from 2017 onwards, almost entirely on account of developments in emerging market and developing economies. This reflects primarily two factors: the gradual normalization of macroeconomic conditions in several countries experiencing deep recessions and the increasing weight of the fast-growing countries in this group, in the world economy.

INDIAN ECONOMY OVERVIEW

India's economy is slowly gaining momentum, with an expected GDP growth of 7.5% in 2017. Despite some delays in domestic policy reforms and enduring fragilities in the banking system, investment demand is supported by the monetary easing cycle, rising FDI, and government efforts towards infrastructure investments and public-private partnerships. Economic activity is beginning to firm up after demonetization shocked the economy, resulting in massive cash shortages and economic disruptions through the economy at the end of last year; growth is expected to have slowed to a multi-year low in Q3 FY 2016. The manufacturing PMI crossed into expansionary territory in January 2017 and imports rebounded. Despite the backdrop of more moderate

growth, the Government stuck to a market-friendly budget for FY 2017. The budget pursued growth-supportive policies while targeting a narrower deficit of 3.2% of GDP, and was met with a positive market reaction.

INDUSTRY OVERVIEW

Infrastructure sector is a major driver for the Indian economy. India's overall development would not be possible without propelling the infrastructure sector. The sector is of the utmost importance by initiating policies which would ensure time-bound creation of world class infrastructure in the country.

In the Union Budget 2017-18, the Government of India has taken the following measures for the development of infrastructure.

- Increased total infrastructure outlay and defence capital expenditure by 10 per cent and 20.6 per cent to Rs 396,135 crore (US\$ 59.18 billion) and Rs 86,488 crore (US\$ 13.1 billion) respectively, over FY17 revised estimate.
- Railway expenditure allocation has increased by 8 per cent to Rs 131,000 crore (US\$ 19.58 billion) for laying down 3,500 km of railway lines in 2017-18.
- Affordable housing has been given infrastructure status.
- Lock-in period for long-term capital gains on land and buildings has been reduced from three to two years.

1. Roads

The Indian Government plans to develop a total of 66,117 kms of roads under different programmes such as the National Highways Development Project, Special Accelerated Road Development Programme in North East and Left Wing Extremism. The Indian Government has identified the development of 2,000 kms of coastal roads to improve connectivity between ports and remote villages. The Ministry has targeted awarding of 25,000 km and constructing 15,000 km of national highways during 2017-18 that translates into 41 km of road construction daily which stood at 18.5 km per day until recently. Further, NHAI has taken a policy decision not to award any project unless it acquires 90% of required land. Investments in roads will be funded through budgetary support, market borrowings by NHAI and through

private and overseas investors

2. Power

During FY 2017, the Indian power sector achieved a total capacity addition of 24.8 GW. The renewable energy sector capacity addition of 14.4 GW in fiscal 2017 surpassed the capacity addition in all other sectors put together. In the last fiscal, thermal power capacity addition was 7.7 GW, hydro capacity addition was 1.7 GW and nuclear capacity addition was 1 GW. According to the Ministry of New & Renewable Energy (MNRE), this record capacity addition in renewable space was led by wind and solar power capacity additions at 5.4 GW and 5.5 GW respectively reflecting the focus and policy push of the government as well as the competitive keenness of the industry players. Despite the high growth of renewables, India's energy mix is expected to predominantly remain skewed towards thermal sources. The overall deficit in fulfilling the energy requirement of the country has declined from 11.5% in FY97 to 2.1% in FY16. The energy requirement is estimated to increase at a CAGR of 7% from 1,354,874 million units in FY17 to 1,904,862 million units in FY22. Hence, it is expected that the production would keep pace with demand.

3. Real Estate

The real estate sector has been witnessing a paradigm shift during recent years through steady transformation to become a structured sector from an unorganized sector. The shift is attributable to increased participation from private equity players and effective legislation.

The increased confidence in the sector is a perfect parameter to anticipate revival of the sector and the growth prospects of the sector. The current regime has also introduced and formalized various initiatives like the REITs Regulations, Smart Cities, the Real Estate (Regulation and Development) Act, 2016. Such initiatives can prove to be a solid foundation for fostering growth in the long-term. The Central Bank continues to take measures to soften the interest rates and enhance liquidity. It has also been pushing the banks to pass on the benefit of lower interest rates to the customers. Once these benefits are passed to the customers, the sector will witness enhanced demand flowing in. The Central and State Governments have granted infrastructure status to affordable housing for urban and rural housing projects. The Central Government is targeting Housing for All by