SUPREME
THE POWER OF EXCELLENCE

SUPREME INFRASTRUCTURE INDIA LTD.

ANNUAL REPORT 2018-2019

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. B. H. Sharma
Executive Chairman

Mr. Vikram Sharma
Managing Director

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

CHIEF FINANCIAL OFFICER

Mr. Sandeep Khandelwal

COMPANY SECRETARY

Mr. Vijay Joshi

STATUTORY AUDITORS

Walker Chandiok & Co LLP
Chartered Accountants

Ramanand & Associates
Chartered Accountants

Interim Resolution Professional Appointed by Hon'ble NCLT Mumbai Bench Wide Order Dated 30th September, 2019.

Shri Prashant Jain

(Registration no.: IBBI/IPA-001/IP-P01368/2018-19/12131)

BANKERS & INSTITUTIONS

State Bank of India

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

Supreme House,
Plot No. 94/C Pratap Gad,
Opp. I.I.T Main Gate, Powai,
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

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL ECONOMY OVERVIEW

Gross Domestic Product (GDP) growth remained steady at 3.1% (YoY) in 2018, same as 2017 when calculated at market exchange rates. GDP growth accelerated in most of the global economies in both 2017 and 2018. Growth in developed economies expanded at a steady pace of 2.2% (YoY) in 2017 and 2018.The world economy is projected to grow at 3% (YoY) in 2019 and 20201, marginally down from 3.1% (YoY) in 2018, according to the "World Economic Situation and Prospects by United Nations (UN)". Short-term risks for this growth projection include escalation in U.S.-China trade disputes negotiations, financial stress and volatility, and geopolitical tensions in several regions. These risks compound underlying structural vulnerabilities of a longer-term nature. There was a significant rise in trade tensions among the world's largest economies during 2018. Efforts by the US to increase import tariffs sparked retaliations and counter-retaliations. Although stimulus measures and direct subsidies were able to offset much of the direct negative impacts on China and in the US so far, global trade growth saw a drop in its momentum. This continued episode of heightened tensions among the world's largest economies for additional tariffs indeed pose a considerable risk to the global trade outlook for 2019. However, world industrial production and merchandise trade volumes has been slowing since the beginning of 2018, especially in trade-intensive capital and intermediate goods sectors. The weakness in the global economy has been most stark in the manufacturing and export sectors. Eurozone industrial production is down to 2.5% (YoY) in March 2019 since its peak in December 2017.

INDIAN ECONOMY OVERVIEW

India is expected to remain the world's fastest growing major economy in 2019 and 2020, with the economy projected to grow at the rate of 7.5% (YoY) during FY 2019-20 and CY FY 2020-21, as per the World Bank's April edition of the 'South Asia Economic Focus, Exports Wanted'. The RBI projected its FY 2019-20 GDP growth to be at 7.2% (YoY), with the fiscal deficit pegged at 3.4% of GDP. The RBI expects the economic growth to be in the range of 6.8-7.1% in the first half of FY 2019-20, and in the range of 7.3-7.4% in the second half of FY 2019-20 with "risks evenly balanced".

Investment is growing steadily, driven by the gradual increase in capacity utilization, large infrastructure programmes and recent structural reforms which are supporting investors' confidence, in particular the new Insolvency and Bankruptcy Code and public bank recapitalization. Investment, which makes 30% of GDP, remains robust as indicated by most forward-looking indicators. IIP for infra goods has maintained traction and iron & steel domestic consumption has been rising. Some of the key incentives which are expected to spur demand include Pradhan Mantri Kisan Samman Nidhi which provides direct income support of Rs. 6,000/ year, outlay for MNREGA and National Rural Livelihood Mission and measures to increase disposable income of middle income group. A gradual improvement in domestic consumption in FY 2019-20 is expected led by new products, income support schemes and softening fuel prices spurring urban demand. Strong personal loan growth amidst tax measures announced in the Interim Budget FY 2019-20 is also expected to support consumption. Similarly, uptick in rural demand is expected due to improvement in farm realization as food prices are expected to recover, expectation of normal monsoon and the government's increased focus on employment and income generation schemes for rural sector. The rebound in exports in FY 2018-19 was supported by a weaker rupee and an easier-to-comply-with Goods and Services Tax. Corporate investment is expected to remain vigorous, supported by recent structural reforms and better infrastructure, in particular the road construction programme and the power sector reforms. Private consumption remained strong, especially in rural areas due to good monsoon and steady government spending related to rural roads, housing and employment programmes. Higher crude oil prices and the rupee depreciation may put pressure on domestic demand, inflation, current account deficit and public finances. In addition to initiatives like; 'Make in India', 'Housing for All', 'Digital India' government has also introduced 'Sagarmala' and 'Bharat Mala' initiatives, which is expected to boost the domestic growth of the country.

INDIA'S INFRASTRUCTURE SECTOR OVERVIEW

The Government of India has taken major steps to empower the economic accreditations of the country and make it one of the powerful economies in the world. It is striving to move steadily to reduce structural and political bottlenecks, attract higher investment and improve the overall economic performance.

Infrastructure is the backbone of our economy and society at large, ranging from the roads, rails to electricity that lights or heats our homes to the water we drink by investing in core infrastructure businesses that deliver essential services throughout the economic cycle. The Government of India is extremely keen on developing the infrastructure sector in the country. This is clearly evident through several initiatives announced for this sector as part of the Budget 2019-20. Infrastructure has become the priority segment in the Union Budget.

Roads & Transportation Sector

India has the second largest road network in the world, constituting over a total of 5.6 million km in length. Over 65% of all goods in the country are transported via roads, while 90% of the total passenger traffic uses road network to commute on a day to day basis.

The government's ambitious infrastructure development plan aims to provide significant opportunities for investors and market players to help change the sector and partner India's socio-economic progress.

India has surpassed its own capacities by extending its capabilities beyond the national boundaries via road connectivity. The transportation sector has been highly responsible for propelling India's overall development. The Government of India has intensified its focus on this sector by initiating policies that would ensure time-bound creation of world class infrastructure in the country at a breakneck pace.

MANAGEMENT DISCUSSION & ANALYSIS

India's total road length includes National Highways (NHs), Expressways, State Highways (SHs), district roads, PWD roads, and project roads.

The network can be sub-divided into three categories for a total length of 5,600,000 km:

- State Highways - They form 3% of the total roads in India totalling a length of 176,166 km.
- National Highways - They form merely 2% of the total roads in India envisaging a total length of 115,530 km.
- District and Rural Roads - They form 95% of the total roads in India envisaging a total length of 5,326,166 km.

The NHAI has a bid pipeline of ~Rs700bn comprising of roughly equal number of projects on EPC basis and HAM basis. While most of these projects have been in the bid pipeline since the start of 2019 the NHAI is yet to conclude awarding them due to delays in financial closures of previously awarded projects, code of conduct during elections and delays in achieving conditions precedent. Road developers now expect these projects to be awarded starting H2 - 2019 and gain momentum in H2-2020.

The NHAI is targeting to award 3000 km of highway projects on BOT (toll) basis in FY20. The Ministry of Road Transport and Highways (MORTH) has identified these projects as being bankable based on their current traffic counts and growth potential. The NHAI has also held discussions with developers and other stake holders for changes required in the concession agreement for toll projects in order to make them more palatable. Despite this, the participants felt that awarding such a large quantum of projects on BOT basis appears difficult given the challenges of limited number of bidders for such projects and aversion in the banking system for financing such projects. Under the Bharatmala Pariyojana, about 35,000 km of roads will be developed in Phase-I at an estimated cost of Rs. 5,35,000 cr. The Government is planning to introduce toll system on 'pay as you use' basis.

Housing Sector

Under the "Housing For All by 2022" programme, the Government envisages pucca houses with water connections, toilet facilities, and 24x7 electricity. Under the Pradhan Mantri Awaas Yojana (PMAY), the Government intends to construct 22mn affordable houses by spending Rs. 3 trillion by 2022. Under this ambitious plan, 12mn units are proposed to be built in urban entailing a cost of Rs. 1.86 trillion and 10 mn units are proposed to be built in rural entailing a cost of Rs. 1.27 trillion.

Rural housing

The Government plans to spend Rs. 3.5 trillion to build 30mn houses under the National Gramin Awaas Mission (NGAM) for the homeless by 2022 in rural areas.

Urban housing

The Central Government has a plan to roll out the following schemes for development:

- Redevelopment of slums with the participation of private helped by a central grant of Rs. 1Lakh per beneficiary. State governments can use this grant as viability gap funding for any slum redevelopment scheme.
- An interest subsidy of 6.5% on housing loans up to tenure of 15 years to EWS and LIG beneficiaries will be provided for loan amounts up to Rs. 6 Lakh.
- Central assistance of Rs. 1.50Lakh per beneficiary to promote housing stock for urban poor with the involvement of private/public sectors.
- Subsidy for beneficiary-led individual construction or enhancement, Central assistance of Rs. 1.50 Lakh each to eligible urban poor beneficiaries to help them build own houses or undertake improvements to existing ones.

Smart Cities Project

Smart Cities Mission referred to as Smart City Mission is an urban renewal and retrofitting program by the Government of India with the mission to develop 100 cities across the country making them citizen friendly and sustainable.

Smart Cities Mission envisions developing an area within 100 cities in the country as model areas based on an area development plan, which is expected to have a spilll-overeffect on other parts of the city and nearby cities and towns. Cities will be selected based on the Smart Cities challenge, where cities will compete in a countrywide competition to obtain the benefits from this mission. As of January 2018, 99 cities have been selected to be upgraded as part of the Smart Cities Mission after they defeated other cities in the challenges.

MANAGEMENT DISCUSSION & ANALYSIS

Power Sector

Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistics, finances, and manpower). Total installed capacity of power stations in India stood at 356.82 Gigawatt (GW) as of May 2019.

Some initiatives by the Government of India to boost the Indian power sector:

1. Ujwal Discoms Assurance Yojana (UDAY) to encourage operational and financial turnaround of State-owned Power Distribution Companies (DISCOMS), with an aim to reduce Aggregate Technical & Commercial (AT&C) losses to 15 per cent y FY19.
2. The Ministry of New and Renewable Energy set solar power tariff caps at Rs. 2.50 (US$ 0.04) and Rs. 2.68 (US$ 0.04) unit for developers using domestic and imported solar cells and modules, respectively.
3. National Policy on Biofuels, the expected benefits of this policy are cleaner environment, employment generation, reduced import dependency, boost to infrastructural investment in rural areas and additional income to farmers.

The Government of India has released its roadmap to achieve 175 GW capacity in renewable energy by 2022, which includes 100 GW of solar power and 60 GW of wind power. The Union Government of India is preparing a 'rent a roof' policy for supporting its target of generating 40 gigawatts (GW) of power through solar rooftop projects by 2022. Coal-based power generation capacity in India, which currently stands at 191.09 (As of May 2019) GW is expected to reach 330-441 GW by 2040. India could become the world's first country to use LEDs for all lighting needs by 2019, thereby saving Rs. 40,000 crore (US$ 6.23 billion) on an annual basis. All the states and union territories of India are on board to fulfil the Government of India's vision of ensuring 24x7 affordable and quality power for all by March 2019, as per the Ministry of Power and New & Renewable Energy, Government of India.

WATER INFRASTRUCTURE SEGMENT

India occupies 2 percent of the world's land area, represents 16 percent of the world population and 15 percent of livestock, whereas it has only 4 percent of the water resources of the world. Water demand in next few years till 2025 is expected to grow by over 20 percent, fuelled primarily by the industrial requirements which have been projected to double from 23.2 trillion litres at present, to 47 trillion litres. Domestic demand is expected to grow by 40 percent from 41 to 55 trillion litres, while irrigation will require 14 percent more to 592 trillion litres up from 517 trillion litres being used currently. The standing subcommittee of Ministry of Water Resources has estimated that the water demand will escalate from 813 billion cubic meters (bcm) in 2010 to 1,093 bcm in 2025 to further 1,447 bcm by the year 2050.

The Central Government has recently integrated the Ministry of Water Resources, River Development and Ganga Rejuvenation with the Ministry of Drinking Water and Sanitation leading to formation of the Jal Shakti Ministry. This initiative seeks to consolidate efforts towards water conservation with delivery of water for drinking and sanitation with a target to have access to piped water supply for all households by 2024. The Government also plans to work closely with states on this programme to integrate projects with the irrigation coverage being targeted by them.

Major water projects being undertaken by the Government are:

1. Namami Gange Programme focuses on cleaning the Ganga
2. Atal Mission for Rejuvenation and Urban Transformation (AMRUT)
3. National Water Quality Sub Mission on Arsenic and Fluoride to provide safe drinking water to about 28,000 affected habitations in the country by March 2021 with an outlay of Rs. billion.
4. 'Har Ghar Jal' (water in every household) is another scheme with a mission to provide piped drinking water supply to all households by 2030.

RAILWAY SEGMENT

The Indian Railways is among the world's largest rail networks. The Indian Railways route length network is spread over 115,000 km, with 12,617 passenger trains and 7,421 freight trains each day from 7,349 stations plying 23 million travellers and 3 million tonnes (MT) of freight daily. India's railway network is recognised as one of the largest railway systems in the world under single management.

The Government of India has focused on investing on railway infrastructure by making investor-friendly policies. It has moved quickly to enable Foreign Direct Investment (FDI) in railways to improve infrastructure for freight and high-speed trains. At present, several domestic and foreign companies are also looking to invest in Indian rail projects.

The Indian Railway network is growing at a healthy rate. In the next five years, the Indian railway market will be the third largest, accounting for 10 per cent of the global market. Indian Railways, which is one of the country's biggest employers, can generate one million jobs, according to Union Minister for Railways and Coal. Indian Railways is targeting to increase its freight traffic to 3.3 billion tonnes by 2030. It is projected that freight traffic via the Dedicated Freight Corridors will increase at a CAGR of 5.4 per cent to 182 MT in 2021–22.

BUSINESS OVERVIEW

Supreme Infrastructure India Limited (SIIL) is a public limited company with its head office near IIT Powai, Mumbai. Being promoted by Mr. Bhawanishankar Sharma, SIIL has gradually attained its trademark of being a diversified infrastructure EPC player with an imminent presence across numerous industries. The company undertakes high-scale projects across roads, bridges, railways, power, buildings, irrigation and sewerage. The company has a sturdy presence in the roads BOT segment, where it has undertaken 11 projects, out of which 6 projects are operational and 3 projects are under construction.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Overview - Standalone

- Total Revenues from Operations decreased by 40% to 57,972.52 Lakhs on a YoY basis as compared to Rs. 98,029.92 Lakhs in FY 2018.
- EBIDTA decreased by 57% to (112678.7) on a YoY basis as compared to Rs. (47,571.82) Lakhs in FY 2018(Including Other Income).
- Loss increased to (110,854.98) Lakhs from Rs. (50,012.21) lakhs in FY 2018.

Opportunities

The Infrastructure sector in India is traversing through one of its most interesting phases today. If we look at our growth pattern over the past few years, we will realize how important it is for a country to have a strong infrastructure to enable growth and development. It's imperative that the nation prepares itself for the future and the next anticipated growth curve.
Infrastructure projects, such as urban public transport systems like metros, expressways, superior quality highways, flyovers, and world class airports will enable us achieve the next trajectory with higher GDP growth.

There is a huge opportunity for other allied sectors to participate in the infrastructure sector's growth across India. A huge gap in demand and supply of power, additionally plagued by the losses in transmission and distribution provides an opportunity to augment this requirement.

Opportunities in water and environmental engineering are immense. Investment of Rs. 2.3 trillion ($55 billion) is proposed for water resource management in the eleventh five year plan. Moreover, India's water market is one of the largest in the world, with approximately one-third of the total estimated value dedicated for water provisioning, one-third for municipal water treatment, and the remaining one-third for industrial water treatment. The overall annual growth rate is 15-20 percent, with the drinking water and industrial segments growing even more rapidly. India's urban water demand is expected to double and its industrial demand triple by 2025. The PPP model will be crucial to accelerate growth and increase output and efficiencies in this sector. In addition to this, we also need more foreign collaborations so that we can replicate models that have worked elsewhere in the world after suitable customization to Indian conditions. Also, integrated solutions are the need of the hour. We need to ensure the clients engage with one single partner for construction, operation, maintenance, and management to ensure ownership. Important steps to accelerate infrastructure growth in our country are initiatives such as public-private-partnership, a long term contractual partnership between private and public sector agencies, specifically financing, designing, implementing, and operating infrastructure facilities.

India boasts of having one of the largest road networks in the world, spanning over a total of 5.6 million km. The country uses roadways to transport 64.5 per cent of goods and 90 per cent of the total passenger traffic prefers to use road networks for commuting. The Government of India plans to increase the length of national highways from the current record of 122,432 km to 200,000 km. During FY18-19, the Government of India allocated Rs. 71,000 cr (US$ 10.97 billion) for the development of national highways across the country, signifying a rising budget allocation for the road sector. The value of the total roads and bridges infrastructure in India is estimated to expand at a CAGR of 13.6 per cent.
The Government has given a massive boost to infrastructure by allocating Rs. 5.97 lakh crore (US$ 92.2 billion) for infrastructure. There is a growing participation of the private sector through Public-Private Partnership (PPP). The Government of India plans to invest Rs. 1.45 lakh cr (US$ 22.40 billion) towards road infrastructure in North-East region. Between FY09 and FY19, the budget outlay for road transport and highways increased at a robust CAGR of 20.91 per cent. In FY17-18, national highways of 9,829 km in length were constructed with 20 per cent growth from 8,231 in FY16-17.

Budget 2019 for Infrastructure Sector

- Set up Credit Guarantee Enhancement Corporation to deepen corporate bonds in infra (allow tri-party repo market in corporate bonds with AA rated bonds as collateral, make trading platforms more user friendly). This will deepen long term bonds market and allow transfer of FII/ FPI investment in debt securities issued by IDF/ NBFCs to domestic investors.
- ECBs will be raised in a meaningful way to fund infra sector investments, as India's sovereign external debt to GDP at less than 5% is among the lowest in the world.
- Government capex up by 10% YoY. Taking into consideration the contribution from PPP this could go up further.
- Bulk of the increase in capital outlay is towards Railways (up 16%), Rural (Urban + Rural, up 13%), and Defence (up 7%).
- NHAI capex to rise by 21%. Coal and steel capex to rise 15% YoY. Higher capex on hydropower and renewables.
- Make in India push. Invitation to global companies for mega industry investments in semiconductor, solar PV cells, Li-ion storage batteries, EV charging, laptops, etc; income tax relief on such investments.
- Import duty on CRGO (Cold Rolled Grain Oriented steel) reduced from 5% to 2.5%; cost benefit for transformer companies.

On the whole, the country is expected to see a lot of activity in the infrastructure sector in the near future.

Concerns

- Credit availability: The private sector is reliant on commercial banks in a bid to raise debts for Public Private Participation (PPP) projects. But with commercial banks constrained by sectoral exposure limits and leveraging for large Indian infrastructure companies, it has become difficult to finance the PPP projects. It is seen in the recent years that credit availability has become one of the most significant threats. The sector has witnessed a curbed financing from banks and other institutions. Mostly, the banks have exhausted

MANAGEMENT DISCUSSION & ANALYSIS

their lending limit to companies and in some cases, the parent companies as well. Therefore, attempting to find viable funds has become increasingly difficult. In order to tame the situation, Hybrid Annuity Model (HAM) was introduced with a vision to revitalise and bring order to the sector. But even this method shows a bleak remedy as most of the awarded HAM projects are currently battling for funding and financial closure.

- Business environment changes: Domestically, the business environment remained unfavourable for PPP players. The Government has transferred the mode of delivery from PPP to EPC projects. As per this move, the Company has also ventured into the EPC sector. Since the introduction of GST, the regulation is closely monitored and adhered to as it can have both an ascending and descending consequences for the sector. Other policies put in place, such as, strict control on mining activities and a ban placed on the use of river sand in many states has the possibility to affect the design of Company's existing projects. Such regulations are expected to be followed by others which might affect the company.
- Market competition: With the Government enthusiastic on promoting EPC contracts, such markets poses a bigger threat to the Company's business. The Company has ventured into the EPC sector and is setting a target to bid for large & complex EPC projects. It is also looking to develop an in-house enterprise such as a construction contractor in a mid-size segment.

  The Company is also on the lookout for BOT Toll and Annuity projects bid out by the Government. However, market players have become more cautious due to financial limitations, which have led to more reasonable bids. Many projects that were put out for bids on HAM/BOT Toll & Annuity has failed to attract bidders since most of them were in the form of re-bidding. This was due to non-receipt of bids tendered in the prior bidding process or on the account of termination of concessions granted.
- Dispute resolution and claims settlement: Recently, a minor improvement is witnessed in the claims settlement. However, the pace continues to be slow and tedious. Closure of arbitration and accrual of claims is significant in restoring concessionaire trust and ensuring timely completion. The pathway is set to initiate an independent regulator for the road sector so that this issue is addressed comprehensively.

Risk Management

The Company identifies that evaluation and effective management of their risks is crucial for keeping its performance steady and delivering adequate value to its shareholders. The Company keeps assessing risks at regular intervals and takes measures to mitigate the same.

Internal Controls

The Company has sufficient and commensurate internal control systems to match the size and the sector it is in. The Company has well-defined and clearly laid out policies, processes and systems. These are strictly and regularly monitored by the top management and any digression or discrepancy is immediately flagged off and corrected. All requisite regulations, rules and laws of the land are strictly followed. The Company has a sound system for financial reporting and well-defined management reporting systems. These are supported by Management Information System (MIS) that regularly checks, monitors and controls all operational expenditure against budgeted allocations. The Company also has a regular internal audit process that is monitored and reviewed by the Audit Committee.

Human Resources

The Company believes that satisfied, highly-motivated and loyal employees are the base of any competitive and growing organization. Therefore, it strives to build a highly skilled and qualified workforce, supported by a safe and healthy work atmosphere. The Company has built a work culture based on sincerity, hard work and a pursuit for perfection. It holds regular training sessions to upgrade the skills and the knowledge base of its employees. Moreover, the company ensures that it recognizes and rewards exceptional performance by its employees' time and again. As on 31st March 2019, the Company had over 252 employees.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of Supreme Infrastructure India Limited, which are forward-looking. By their nature, forward looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirely by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Supreme Infrastructure India Limited Annual Report, 2018-19.

DIRECTORS' REPORT

To
The Members of
SUPREME INFRASTRUCTURE INDIA LIMITED

Your Directors have pleasure in presenting their 36th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2019.

1. HIGHLIGHTS/ PERFORMANCE OF THE COMPANY

₹ in Crores

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
1	**Income from operation**	**555.63**	**904.04**
	Other income	**24.09**	**76.25**
	Total Income	**579.72**	**980.29**
2	**Profit before Interest, Depreciation & Tax**	**49.92**	**188.93**
	Less: Interest/ Finance Charges	438.15	361.35
	Depreciation	21.03	21.90
3	**Profit / (Loss) before Exceptional Item and Tax**	**(409.26)**	**(194.32)**
	Exceptional Item	696.48	259.49
	Less: Provision for Tax/ (Credit)		
	Current Tax	2.79	46.31
	Deferred Tax	0	0
	Tax adjustment for earlier years	0	0
4	**Profit / (Loss) After Tax**	**(1108.54)**	**(500.12)**

OPERATION AND PERFORMANCE REVIEW

During the year under review, the Company's income from operations and margins were under stress as compared to the previous year. Total Income during the year was Rs. 579.72 Crores as compared to Rs. 980.29 Crores. in the previous year. The Net loss after Tax was Rs. 1108.54 Crores as compared to 500.12 Crores loss in the previous year.

No Material changes and commitments have occurred after the close of the financial year till the date of this report, which may materially affect the financial position of the Company.

2. DIVIDEND

In view of the losses incurred and stressed financial resources, your Directors do not recommend any dividend on Equity Shares and Preference Shares for the year under review. Consequently, no amount is transferred to reserves for the year ended 31st March, 2019.

3. TRANSFER OF UNPAID / UNCLAIMED AMOUNTS TO INVESTOR EDUCATION AND PROECTION FUND (IEPF)

During the year under review, the Company has credited Rs. 33,795 to the Investor Education and Protection Fund (IEPF) pursuant to Section 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund (awareness and protection of investors) Amendment Rules, 2014.

4. FINANCE

During the year under review, the Company's Financials were under severe stress on account of several factors like delay in execution of projects, delay in execution of BOT Projects, cost over runs on delayed projects, high interest cost vis-a-vis volume of the Company's operation, stressed working capital finance and similar factors peculiar to the infrastructure sector.

RESOLUTION PLAN

During the under review, the proposed S4A Scheme in respect of restructuring of debts of the Company had to be abandoned in view of the RBI Circular dated 12th February, 2018 regarding "Resolution of Stressed Assets- Revised Framework". Hence, it was decided to work in terms of the above referred new RBI circular. A revised Resolution Plan was prepared which was sanctioned and signed by the majority of the lenders on 29th March 2019. However, in the matter of Dharani Sugars and Chemicals Ltd. Vs. Union of India & Others, it was held by the Hon. Supreme Court that the RBI circular dated February 12, 2018 on Resolution of Stressed Assets as 'ultra vires and has no effect in law'. Hence, all actions taken under the RBI circular dated February 12, 2018 on Resolution of Stressed Assets were made redundant. Consequently, the proposed Resolution Plan made in terms of RBI circular dated February 12, 2018 fell off.

After the Supreme Court Judgement referred above, the Reserve Bank of India issued a fresh circular dated 7th June, 2019 on 'Prudential Framework for Resolution of Stressed Assets'. The Company is in the process of working on the resolution plan in accordance with the new RBI circular dated 7th June, 2019.

5. CREDIT RATING

Your Company had been assigned "IND D" by India Ratings & Research Pvt. Ltd. for the long term facilities, cash credit facilities and non fund based limits of the Company.

6. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013 and implementation requirements of Indian Accounting Standards ('IND-AS') Rules on Accounting and disclosure requirements, which is applicable from current year, and as prescribed by Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations") the audited Consolidated Financial Statements are provided in this Annual Report.

Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of each of the subsidiary and joint venture in the prescribed form AOC-1 is annexed to this annual report.

Pursuant to Section 136 of the Companies Act, 2013 the financial statements of the subsidiaries are kept for inspection by the shareholders at the Registered Office of the Company. The said financial statements of the subsidiaries are also available on the website of the Company www.supremeinfra.com under the Investors Section.

7. DETAILS OF SUBSIDIARY COMPANIES, JOINT VENTURES AND ASSOCIATES COMPANIES

As on 31st March, 2019, the Company had Fifteen Subsidiaries (Direct & Indirect) of which Fourteen are incorporated and based in India & one Overseas. The Company also had one Associate Companies as on 31st March, 2019. Some Joint Venture Projects have become non operative on account of the completion of the projects.

The Company has adopted a policy for determining material subsidiaries in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015. The said policy is available on the Company's website. A statement containing the salient features of the financial statements of the subsidiary companies is attached to the financial statements in Form AOC-1.

SUBSIDIARY COMPANIES

The Company's two Subsidiary Companies viz. Supreme Infrastructure BOT Private Limited and Supreme Infrastructure BOT Holdings Private Limited undertake various BOT projects along with its holding Company. The BOT projects are housed in the Special Purpose Vehicle Company ('SPV Company') incorporated for the purpose.

1. SUPREME INFRASTRUCTURE BOT PRIVATE LIMITED (SIBPL)

As per the Audited financials for year ended 31st March, 2019, SIBPL registered a total income of Rs. 179.37 Lakhs as against Rs. 49.19 Lakhs in the previous year. SIBPL has the following operative subsidiary companies:

i. SUPREME MANOR WADA BHIWANDI INFRASTRUCTURE PRIVATE LIMITED (SMBIPL)

Incorporated as SPV Company for execution of the Project of 'widening of Manor- Wada (24.25 Kms) and Wada Bhiwandi Road (40.07 Kms) on SH-34 and SH-35 respectively in the State of Maharashtra and to convert it into a 4 lane highway on BOT basis'. The total length of the project aggregates to 64.32 Kms. The Concession period of the project is 28 years and 6 months from the date of work order. EPC work is executed by the Supreme Infrastructure India Ltd. The Company commenced tolling operations for this project on 4th March, 2013. The Company is also in the process of executing additional bypass road from SH-35 at Vishwabharati Phata-Bhinar-Vadpa Junction (KM 0/000 to 7/900 (Total Length - 7.90 km) Dist. Thane, Maharashtra on BOT (Toll) basis. Once completed, the bypass road would attract more road traffic for the main road project. Income from toll collection for the year ended 31st March, 2019 was Rs. 3,980.06 Lakhs as compared to Rs. 4315.40 Lakhs in the previous year.

The lenders had invoked Strategic Debt Restructuring (SDR) with reference date of 24 November 2016. The joint lender's forum (JLF) of SMBIPL agreed to proceed with the implementation of SDR scheme by invoking pledged equity shares of the promoters in their favour. Pursuant to the invocation of SDR, the lenders have invoked 5,100 equity shares of Rs. 10 each held by its Promotors at par aggregating Rs. 0.51 lakhs on 16 May 2017 representing 51% of the equity share capital of the Company by conversion of outstanding borrowings of an equivalent amount.

ii. PATIALA NABHA INFRA PROJECTS PRIVATE LIMITED

Incorporated as SPV Company for execution of 'Patiala Nabha Malerkotla (PNM) Road Project'. This partially completed project was awarded by Punjab Industrial Development Board (PIDB), taken over from the earlier owner. The Company commenced tolling operations on 24th June, 2012. The concession period is 13 years. The total length of the road is approximately 56 kms. Income from toll collection for the year ended 31st March, 2019 was Rs. 1,022.41 Lakhs as compared to Rs. 1015.20 Lakhs in the previous year.

iii. SUPREME SUYOG FUNICULAR ROPEWAYS PRIVATE LIMITED

Incorporated as SPV Company for execution of the Project for construction of funicular railway system at Haji Malang Gad, Ambarnath in Thane District, Maharashtra