



SARATH & ASSOCIATES

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Members of
Andhra Pradesh Urban Infrastructure Asset Management Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Andhra Pradesh Urban Infrastructure Asset Management Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the period from 15/07/2016 to 31/03/2017, and a summary of significant accounting policies and other explanatory information.

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.

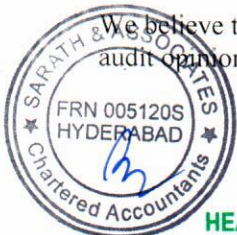
Auditor's Responsibility

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 thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control 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



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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, 2017, and its **Profit** and its Cash Flow for the year ended on that date.

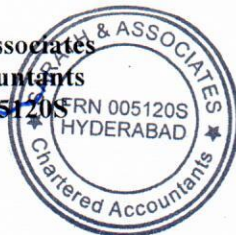
Report on Other Legal and Regulatory Requirements

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, to the extent applicable.

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 it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Sarath & Associates
Chartered Accountants
Firm Regn No 051208



CA S Srinivas
Partner
M.No:202471

Place : Vijayawada
Date : 29.05.2017

“Annexure A” referred to in the Independent Auditors’ Report to the shareholders of Andhra Pradesh Urban Infrastructure Asset Management Limited on the accounts for the period ended 31st March 2017

i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(a) The Fixed Assets have been physically verified by the management in a phased manner, which in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.

(b) In our opinion and according to the information and explanations given to us, the Company does not hold any immovable property and thus Paragraph 3(i)(c) of the order is not applicable.

ii) The company does not hold any physical inventories. Accordingly, matters specified in clause (ii) of paragraph 3 of the Order do not apply to the Company.

iii) According to the information and explanation given to us, the company has not granted any loans secured or unsecured covered under the register maintained under section 189 of the Companies Act 2013, the provisions of Clause 3(iii)(a) to Clause 3(iii)(c) of the Order are not applicable to the Company for the Current Year.

iv) In our opinion and according to the information and explanations given to us, the company has not given any loans, made any investments, provided any guarantees, and given any security to which the provisions of section 185 and 186 of the Companies Act, 2013 are applicable.

v) According to information and explanation given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (v) of Paragraph 3 of the Order are not applicable to the Company.

vi) According to information and explanation given to us, the maintenance of Cost Records has not been prescribed by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.

vii)

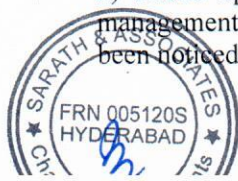
(a) According to information and explanations given to us and on the basis of our examination of the books of account, and records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, Cess with the appropriate authorities, during the year and any other statutory dues applicable to the company. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017

(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

viii) In our opinion and according to the information and explanations given to us, the Company did not avail any loan either from banks/financial institutions or issued any debentures during the current year.

ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly the provisions of Clause 3(ix) of the Order are not applicable to the Company for the Current Year

x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.



xi) Based upon the audit procedures performed and the information and explanations given by the management, there is no managerial remuneration has been paid or provided during the current year.

xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.


xiii) According to information and explanation given to us and the records of the Company examined by us, there are no transactions with related parties. Therefore, the provisions of Clause (xiii) of paragraph 3 of the Order is not applicable to the Company.

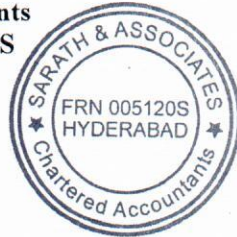
xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order is not applicable to the Company and hence not commented upon.

xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For Sarath & Associates
Chartered Accountants
Firm Regn No 05120S


CA S Srinivas
Partner
M.No:202471



Place : Vijayawada
Date : 29.05.2017

“Annexure B” to the Independent Auditor’s Report of even date on the Financial Statements of Andhra Pradesh Urban Infrastructure Asset Management Limited

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 **Andhra Pradesh Urban Infrastructure Asset Management Limited** (the Company) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the period 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

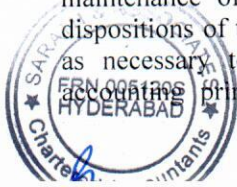
Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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

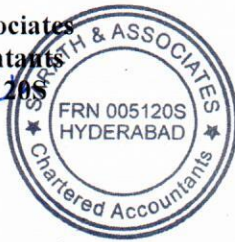
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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 March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Sarath & Associates
Chartered Accountants
Firm Regn No 051208


CA S Srinivas
Partner
M.No:202471



Place : Vijaywada
Date : 29.05.2017

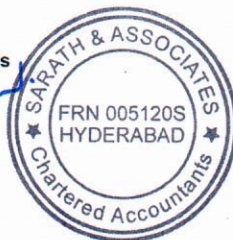
ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD
BALANCE SHEET AS AT MARCH 31, 2017

	Notes	As at March 31, 2017 Rupees
I EQUITY AND LIABILITIES		
SHAREHOLDERS' FUNDS		
Share capital	2	200,000,000
Reserves and surplus	3	7,487,568
		<u>207,487,568</u>
NON-CURRENT LIABILITIES		
Long-term provisions	4	1,999,089
		<u>1,999,089</u>
CURRENT LIABILITIES		
Trade payables	5	8,992,823
- Other than micro and small enterprises		
Other current liabilities	6	54,349,728
Short-term provisions	7	8,348,755
		<u>71,691,306</u>
Total		<u><u>281,177,963</u></u>
II ASSETS		
NON-CURRENT ASSETS		
Property, Plant and Equipments	8	
Tangible Assets	8.a	804,229
Intangible Assets	8.b	254,355
		<u>1,058,584</u>
Deferred tax assets (net)	9	1,366,752
		<u>2,425,336</u>
CURRENT ASSETS		
Current Investment	10	30,030,703
Trade receivables	11	35,908,750
Cash and cash equivalents	12	189,873,058
Short-term loans and advances	13	8,195,334
Other current assets	14	14,744,782
		<u>278,752,627</u>
Total		<u><u>281,177,963</u></u>

Notes 1 to 24 forms part of the Financial Statements

For Sarath & Associates
Chartered Accountants

Partner
S Srinivas
M.No.202471



[Signature]
Director
[Signature]
Chief Executive Officer

[Signature]
Director
[Signature]
Company Secretary

Date: May 29, 2017
Place: Vijayawada

[Signature]
Chief Financial Officer

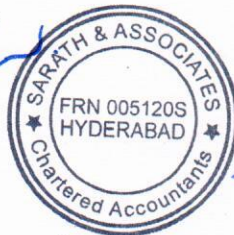
ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31ST, 2017

	Notes	Period ended March 31, 2017 Rupees
INCOME		
Revenue from operations	15	46,072,509
Other income	16	4,999,473
TOTAL REVENUE		51,071,982
EXPENSES		
Employee benefits expense	17	24,188,897
Depreciation and amortisation expense	8	113,664
Other Operating and administrative expenses	18	15,327,839
TOTAL EXPENSES		39,630,400
PROFIT BEFORE TAX		11,441,582
Tax expense:		
- Current tax		5,320,765
- Deferred tax credit	9	(1,366,752)
Net tax expense		3,954,013
PROFIT FOR THE PERIOD		7,487,569
EARNINGS PER EQUITY SHARE		
Basic and Diluted (Face value Rs 10 per share)	21	0.53

Notes 1 to 24 forms part of the Financial statements

For Sarath & Associates
Chartered Accountants

Partner
S Srinivas
M.No.202471



[Signature]
Director

[Signature]
Chief Executive Officer

[Signature]
Chief Financial Officer

[Signature]
Director

[Signature]
Company Secretary

Date: May 29, 2017
Place: Vijayawada

ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD

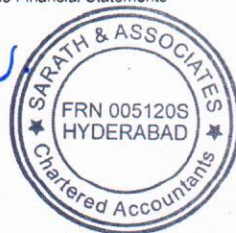
CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2017

		Period ended March 31, 2017 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
	Profit before tax	11,441,582
	Adjustments for:	
	Depreciation and amortisation expense	113,664
	Interest income	(1,291,616)
	Profit on Redemption of Mutual Fund	(3,707,857)
	Provision for employee benefits	4,954,648
	Operating profit/(loss) before working capital changes	11,510,421
	Adjustments for:	
	Increase in trade receivables	(35,908,750)
	Increase in short term and long term loans and advances	(8,195,334)
	Increase in other current assets	(14,744,782)
	Increase in trade payables	8,992,823
	Increase in other current liabilities and provisions	54,422,159
	Cash generated from operations	16,076,537
	Net income tax (paid)/refund	-
	Net cash flow from operating activities (A)	16,076,537
B. CASH FLOW FROM INVESTING ACTIVITIES:		
	Investment in Mutual funds	(241,000,000)
	Capital expenditure on fixed assets	(1,172,249)
	Fixed Deposits with Bank	(125,000,000)
	Interest received	1,291,616
	Proceeds on Redemption of Mutual Funds	214,677,154
	Net cash flow from investing activities (B)	(151,203,479)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
	Net Proceeds from Issue of share	200,000,000
	Net cash flow from financing activities (C)	200,000,000
	D. Net increase in cash and cash equivalents (A+B+C)	64,873,058
	E. Cash and cash equivalents at the beginning of the period	-
	F. Cash and cash equivalents at the end of the period	64,873,058
	Notes:	
	Cash and cash equivalents as per cash flow statement	64,873,058
	Cash and cash equivalents as per balance sheet (Refer Note No. 12)	64,873,058

Notes 1 to 24 forms part of the Financial Statements

For Sarath & Associates
Chartered Accountants

Partner
S Srinivas
M.No.202471



Date: May 29, 2017
Place: Vijayawada

Director
Director
Chief Executive Officer
Company Secretary
Chief Financial Officer

ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICY

I Basis for preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the CA 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention

II Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the Financial Statements and the reported income and expenses during the reporting period . The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and any changes in such estimates are recognised prospectively

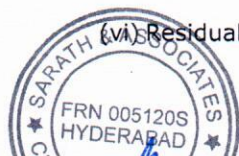
III Property Plant and Equipments and Depreciation

- (i) Property, plant and equipments acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any. All costs relating to acquisition and installation of fixed assets are capitalised
- (ii) Depreciation on asset is provided pro-rata from the date on which asset is ready to be put to use for its intended purpose on Straight-Line Method based on the estimated useful life of the assets as prescribed under Schedule II of the Companies Act 2013, other than assets specified in para (iii) below:
- (iii) Following assets are depreciated over a useful life which is shorter than the life prescribed under Schedule II of the Companies Act 2013, based on the Management's estimate after taking into consideration the nature of the asset, the estimated usage of the asset , the operating conditions of the asset:

Asset tyoe	Estimate useful life in years
Data Processing Equipment- Server and Networking Equipment	4 years
Furniture & Fixtures	5 years
Computer Software	3 years

- (iv) All categories of assets costing less than Rs 5,000 each are written off in the year of capitalization
- (v) Mobile phones and iPad/ Tablets depreciated 100% in the year of capitalization due to extensive usage and technological obsolescence

(vi) Residual value of all assets is retained at Rs 1



IV Investments

- (i) Investments are capitalised at actual cost including cost incidental to acquisition
- (ii) Investments are classified as non-current or current at the time of acquisition of such investments
- (iii) Non current investments are individually valued at cost less provision for diminution, other than temporary
- (ii) Current investments are valued at cost or market value whichever is lower

V Revenue recognition

- (i) Revenue is recognised on an accrual basis
- (ii) Revenue from infrastructure and development projects services is recognised using the proportionate completion method which is determined by reference to the milestone achieved as per the terms of the contract. Pending completion of any milestone, revenue recognition is restricted to the relevant cost which is carried forward as unbilled revenue. Any expected loss on a contract is recognised immediately in the statement of profit and loss
- (iii) Interest income is recognised on accrual basis. Dividend income is recognised once the unconditional right to receive dividend is established

VI Transactions in foreign exchange

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in a foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing at the balance sheet date. The exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities are recognised as income or expenses in the statement of Profit and Loss

VII Employee benefits

(i) Short term

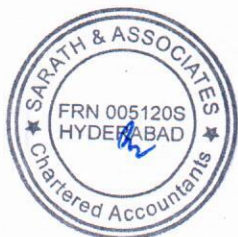
Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company

(ii) Long term

The Company has both defined-contribution and defined-benefit plans.

• Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the Employees' Provident Fund, Family Pension Fund. The Company's payments to the defined contribution plans are reported as expenses in the year in which the employees perform the services that the payment covers



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- **Defined-benefit plans**

Expenses for defined-benefit plans are calculated as at the balance sheet date by independent actuaries. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Incremental liability based on the projected unit credit method as at the reporting date, is charged to the Statement of Profit and Loss. The actuarial gains / losses are accounted in the Statement of Profit and Loss

(iii) **Other employee benefits**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the period in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where the avilment or encashment is not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method. The resulting actuarial gains / losses are accounted in the Statement of Profit and Loss

VIII Taxation

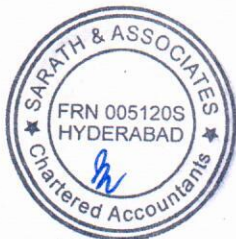
Income Tax comprises Current Tax and net changes in Deferred Tax Assets or Liability during the year. Current Tax is the amount of tax payable on taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed at each balance sheet date for their reliability

IX Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with AS-20, 'Earnings per Share'. Basic Earnings per Share is calculated by dividing the Net Profit after Tax for the year attributable to Equity Shareholders of the company by the Weighted Average Number of Equity Shares outstanding during the year

Diluted earnings per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the company by the Weighted Average Number of Equity Shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities



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X Provisions, contingent liabilities and contingent assets

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A Contingent Liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are neither recognised nor disclosed in the financial statement

XI Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

XII Operating lease

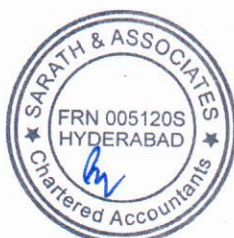
Lease arrangements where the risk and benefits incidental to ownership of an asset substantially vest with the lessor are recognised as operating lease. Lease rentals under operating lease are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term

XIII Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

XIV Operating cycle

Based on the nature of activities of the Company and the normal/estimated time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current

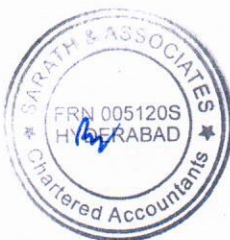


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ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2017 Rupees
2 SHARE CAPITAL	
AUTHORISED	
20,000,000 Equity shares of Rs 10 each	200,000,000
Nil (Previous year 5,000,000) Cumulative Convertible Preference Shares of Rs. 10 each	-
	<u>200,000,000</u>
SUBSCRIBED	
20,000,000 Equity shares of Rs 10 each	200,000,000
	<u>200,000,000</u>
ISSUED AND FULLY PAID UP	
2,00,00,000 Equity shares of Rs.10 each fully paid	200,000,000
	<u>200,000,000</u>
Notes:-	
(i) The equity capital is held Jointly by IL&FS Investment Managers Limited, the Holding Company (51%) & Government of Andhra Pradesh (49%)	
(ii) The Company has issued one class of equity shares having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share held	
(iii) Reconciliation of the amount of share capital	
Amount of equity shares of Rs 10 each outstanding as at beginning of the period	200,000,000
Add: Shares issued during the period	-
Amount of equity shares of Rs 10 each outstanding as at end of the period	<u>200,000,000</u>
(iv) Reconciliation of the number of shares outstanding	
Number of equity shares of Rs 10 each outstanding as at beginning of the period	-
Add: Shares issued during the period	20,000,000
Amount of equity shares of Rs 10 each outstanding as at the end of the period	<u>20,000,000</u>
(v) Shares in a company held by each shareholder holding more than 5 %	
% of holding	No. of Shares
Name of Shareholder	
IL&FS Investment Managers Limited	51 10,200,000
Government of Andhra Pradesh , Municipal Administration & Urban Development Department	49 9,800,000
Total	<u>20,000,000</u>
3 RESERVES AND SURPLUS	
Surplus in Statement of Profit and Loss	
Opening balance	-
Add: (Loss)/ profit for the period	7,487,568
Closing Balance	<u>7,487,568</u>



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ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2017 Rupees
4 LONG-TERM PROVISIONS	
Provision for employee benefits:	
Gratuity	290,352
Compensated absences	1,708,737
	<u>1,999,089</u>
5 TRADE PAYABLES	
-Total outstanding dues of micro enterprises and small enterprises	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises	8,992,823
	<u>8,992,823</u>
<p>The amount due to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 has been disclosed to the extent of information available with the Company from vendors regarding their status. As per information available with the Company, no interest is paid/ payable under this Act</p>	
6 OTHER CURRENT LIABILITIES	
PDA - MA&UD (UI) Dept, Government of Andhra Pradesh *	50,157,577
Statutory dues (contribution to provident fund, withholding tax etc.)	4,192,151
	<u>54,349,728</u>
<p>* The Company has received a Project Development Advance -Transaction Advisory (TA Fund) from Govt of Andhra Pradesh for meeting the project development expenses on Feb 22, 2017. This amount has been kept in a separate bank account with Andhra Bank. The interest earned/accrued on the fixed deposits made from TA fund has been credited to TA Fund (net off tax expenses)</p>	
7 SHORT-TERM PROVISIONS	
Provision for employee benefits:	
- Gratuity	1,953
- Compensated Absences	1,082,605
- Performance Related Pay	1,144,158
- Others	728,796
Provision for Tax	5,391,243
	<u>8,348,755</u>



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ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 8 : Property Plant and Equipments and Depreciation

	(Amount in Rupees)							
	Gross block			Accumulated depreciation and amortisation		Net block		
	Balance as at April 1, 2016	Additions	Deductions	Balance as at April 1, 2016	For the year	On deductions	Balance as at Mar 31, 2017	Balance as at Mar 31, 2017
(a) Tangible assets (owned)								
Vehicle	-	4,300	-	-	4,299	-	4,299	1
Office equipment	-	13,999	-	-	13,998	-	13,998	1
Electrical Installation & Equipment	-	9,800	-	-	4,279	-	4,279	5,521
Data processing equipment	-	874,900	-	-	76,193	-	76,194	798,706
Total	-	902,999	-	-	98,769	-	98,770	804,229
(b) Intangible assets (other than self generated)								
Computer software	-	269,250	-	-	14,895	-	14,895	254,355
Total	-	269,250	-	-	14,895	-	14,895	254,355
Grand Total	-	1,172,249	-	-	113,664	-	113,665	1,058,584

Depreciation and amortisation expenses:

Depreciation on tangible assets	98,769
Amortisation on intangible assets	14,895
Net amount charged to Statement of Profit and Loss	<u>113,664</u>



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ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

9 DEFERRED TAX ASSETS (net) :

Major components of deferred tax assets arising on account of timing differences are:

	As at April 1,2016 Rupees	Credited/ (charged) to Statement of Profit and Loss Rupees	Credited to Reserves and Surplus Rupees	As at March 31,2017 Rupees
Difference between book and tax depreciation		(71,591)	-	(71,591)
Provision for employee benefits		952,847	-	952,847
Preliminary Expenses Written off		485,496	-	485,496
Total	0	1,366,752	-	1,366,752



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ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

		As at March 31, 2017 Rupees																								
10	CURRENT INVESTMENTS (Quoted other than Trade Investment)																									
	Investment in Mutual Funds	Units/Nos																								
	ICICI Prudential Money Market Fund - Growth	134,391.30																								
		30,030,703																								
	Fair value of Quoted Investment as at the year ended is Rs 30,154,934/-	<u>30,030,703</u>																								
11	TRADE RECEIVABLES (Unsecured)																									
	Other receivables	35,908,750																								
	- Considered good	<u>35,908,750</u>																								
12	CASH AND CASH EQUIVALENTS																									
	Balances with banks	6,873,058																								
	- in current accounts																									
	- in deposit accounts having maturity within 3 months	<u>58,000,000</u>																								
	Cash and cash equivalents (as per AS -3 Cash flow statement)	64,873,058																								
	Balances with banks in deposit accounts:	125,000,000																								
	maturity beyond 3 months upto 12 months	<u>189,873,058</u>																								
<p>Disclosure pertaining to Specified Bank Notes Notes as defined in the Notification S.O 3407(E) dated 8th November, 2016 of the Ministry of Finance , during the period from 8th November, 2016 to 30th December 2016</p>																										
Rupees																										
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Particulars</th> <th style="width: 15%;">SBNs</th> <th style="width: 15%;">Other</th> <th style="width: 20%;">Total</th> </tr> </thead> <tbody> <tr> <td>Closing Cash in Hand as on 08-11-2016</td> <td align="center">Nil</td> <td align="center">Nil</td> <td align="center">Nil</td> </tr> <tr> <td>(+) permitted receipts</td> <td align="center">Nil</td> <td align="center">Nil</td> <td align="center">Nil</td> </tr> <tr> <td>(-) permitted payments</td> <td align="center">Nil</td> <td align="center">Nil</td> <td align="center">Nil</td> </tr> <tr> <td>(-) Amount deposited in Banks</td> <td align="center">Nil</td> <td align="center">Nil</td> <td align="center">Nil</td> </tr> <tr> <td>Closing Cash in Hand as on 30-12-2016</td> <td align="center">Nil</td> <td align="center">Nil</td> <td align="center">Nil</td> </tr> </tbody> </table>	Particulars	SBNs	Other	Total	Closing Cash in Hand as on 08-11-2016	Nil	Nil	Nil	(+) permitted receipts	Nil	Nil	Nil	(-) permitted payments	Nil	Nil	Nil	(-) Amount deposited in Banks	Nil	Nil	Nil	Closing Cash in Hand as on 30-12-2016	Nil	Nil	Nil	
Particulars	SBNs	Other	Total																							
Closing Cash in Hand as on 08-11-2016	Nil	Nil	Nil																							
(+) permitted receipts	Nil	Nil	Nil																							
(-) permitted payments	Nil	Nil	Nil																							
(-) Amount deposited in Banks	Nil	Nil	Nil																							
Closing Cash in Hand as on 30-12-2016	Nil	Nil	Nil																							
13	SHORT-TERM LOANS AND ADVANCES																									
	Loans and advances - Other than related parties																									
	Unsecured, considered good																									
	Security deposits	6,849,533																								
	Prepaid expenses	117,260																								
	Others	25,000																								
	- Staff advances	140,836																								
	- Service Tax input credit	201,293																								
	- TDS Recoverable	100,000																								
	-Andhra Pradesh Urban Development Fund (APUDF)	761,412																								
	-Other advances	<u>8,195,334</u>																								
14	OTHER CURRENT ASSETS																									
	Unbilled Revenue	14,247,509																								
	Interest Accrued on Deposits	497,273																								
		<u>14,744,782</u>																								



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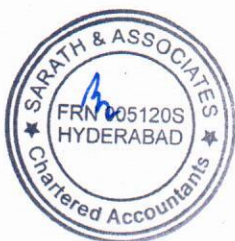
ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Period ended March 31, 2017 Rupees
15 REVENUE FROM OPERATIONS	
Sale of services	46,072,509
- Consultancy income	<u>46,072,509</u>
16 OTHER INCOME	
Interest Income on fixed deposit	1,291,616
Profit on Redemption of Mutual Fund	3,707,857
	<u>4,999,473</u>
17 EMPLOYEE BENEFITS EXPENSE	
Salaries and allowances	22,535,034
Contribution to provident and other Funds	1,410,667
Staff welfare expenses	243,196
	<u>24,188,897</u>

Particulars relating to Accounting Standard 15 " Employee Benefits" (Revised) is provided below:

- a. The company has charged (net of recoveries) ₹ Rs. 5,04,393/- to the Statement of Profit and Loss as Company's Contribution to Provident Fund and ₹Rs. 5,49,074/- as contribution to Superannuation Fund



SP

a Actuarial Assumptions for Long - Term Compensated Absenses

**Period Ended
March 31, 2017**

Discount rate	7.27%
Salary Escalation	6.50%
Attrition	2.00%

**b Defined benefit Obligations
AS-15 - calculation of Gratuity**

**Period Ended
March 31, 2017**

i. Assumptions

Discount rate	7.27%
Rate of return on plan assets	-
Salary Escalation	6.50%

Indian Assured Lives
Mortality(2006-08)

Mortality

ii. Change in benefit obligation

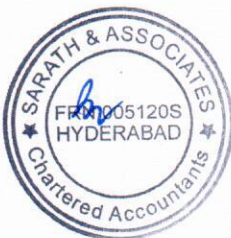
**Period Ended
March 31, 2017**

Present Value of Benefit Obligation at the Beginning of the Period	-
Interest cost	323,754
Current Service Cost	
Past Service cost	
liability transfer in	
liability transfer out	(31,449)
Benefits paid	
Actuarial (gain) / loss on obligations	
Present Value of Benefit Obligation at the End of the Period	<u><u>292,305</u></u>

iii. Amount Recognised in the Balance Sheet

**Period Ended
March 31, 2017**

Present Value of Benefit Obligation at the End of the Period	(292,305)
Fair Value of Plan assets at the end of the Period	-
Funded Status (Surplus/ (Deficit))	(292,305)
Unrecognized Past Service Cost at the end of the Period	
Net (Liability)/Asset Recognized in the Balance Sheet	<u><u>(292,305)</u></u>



SF

iv. Expenses recognised in the profit and loss account

Period Ended
March 31, 2017

Current service costs	323,754
Past service cost	-
Interest cost	-
Expected return on plan assets	-
Actuarial (gain) / loss	-
Expenses charged to the profit and loss account	<u>323,754</u>

v. Balance Sheet Reconciliation

Period Ended
March 31, 2017

Opening Net Liability	-
Expense Recognized in Statement of Profit or Loss	323,754
Net Liability/(Asset) Transfer In	-
Net (Liability)/Asset Transfer Out	(31,449)
Amount Recognised in the balance sheet	<u>292,305</u>



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ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Period ended March 31, 2017 Rupees
18 OTHER OPERATING AND ADMINISTRATIVE EXPENSES	
Consultancy expenses	6,875,677
Rent	914,666
Travelling and conveyance	3,239,041
Communication expenses	197,323
Payment to auditors (see note 19)	200,000
Director sitting fees	130,500
Rates and taxes	160,513
Pre-incorporation expenses	1,963,980
Miscellaneous expenses	1,244,543
	<u>15,327,839</u>
19 Payment to auditors include*	
Statutory audit fees	<u>200,000</u>
	<u>200,000</u>
* Net of service tax input credit	

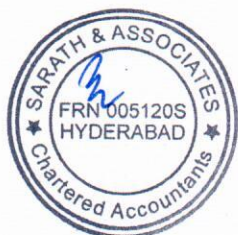
20 OPERATING LEASE

The Company has entered into operating lease arrangement for guest house. The minimum future lease payment during non-cancellable period under the foregoing arrangement in the aggregate for each of the following periods is as follows:

		Period ended March 31, 2017 Rupees
Guest House	year	
Not later than one year	1	1,764,000
Later than one year but not later than five years	1.5	2,956,800
Later than five years		-

Lease expenses in respect of leases having lock in period recognised in the statement of profit and loss during the period is Rs.9,14,666/-

	Period ended March 31, 2017 Rupees
21 EARNINGS PER EQUITY SHARE:	
Profit after tax attributable to Equity Shareholders	7,487,569
Weighted average number of Equity Shares in calculating	14,120,000
Nominal value per share (Rs.)	10
Basic/Diluted earnings per share (Rs.)	0.53



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ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

22 Related Party Disclosures (AS -18)

a) List of related parties: (With whom company had transactions)

(A) HOLDING COMPANY

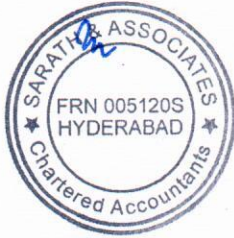
IL&FS Limited (Ultimate Holding Company)
IL&FS Investment Managers Limited (Parent)
Government of Andhra Pradesh (Parent)

(B) FELLOW SUBSIDIARIES (with whom the Company had transactions)

IIDC Limited
Tamil Nadu Water Investment Company Limited

(C) KEY MANAGERIAL PERSONNEL

- 1 Mr Prakash Gaur (Chief Executive Officer)
- 2 Mr Vikas Verma (Chief Financial Officer)
- 3 Mr Ashish Kulkarni (Company Secretary)



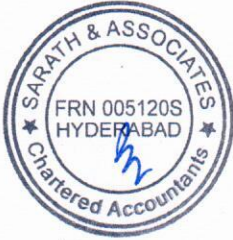
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ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

b) The nature and volume of transactions during the year with the above related parties were as follows:

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Key Management Personnel	(Amount in Rupees) Total March 31, 2017
Income					
Expenses					
Consultancy fee			4,200,000	-	4,200,000
Remuneration*	593,663	-		7,710,226	8,303,889
Sitting Fees to Directors				130,500	130,500
Other Operating expenses	53,412	1,955,194	323,776	-	2,332,382
* Includes KMPs remuneration of Rs 5,889,737 paid by IIDC Ltd and recovered from the company					
Balances as at 31st March, 2017					
Assets					
Receivables	761,412			-	761,412
Liabilities					
Payables		2,455	3,362,934		3,365,389
Other current liabilities			420,000	-	420,000



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ANDHRA PRADESH URBAN INFRASTRUCTURE ASSET MANAGEMENT LTD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

c) Statement of material transactions during the year with the above related parties

Company	Nature of Relationship	Period ended March 31, 2017
Income		
Expenses		
Consultancy Charges		
Tamil Nadu Water Investment Company Limited	Fellow Subsidiary	4,200,000
Remuneration		
IL&FS Limited	Ultimate Holding Company	593,663
Mr. Prakash Gaur (Chief Executive Officer)	Key Management Personal	4,296,157
Mr. Vikas Verma (Chief Financial officer)	Key Management Personal	2,263,747
Mr. Ashish Kulkarni (Company Secretary)	Key Management Personal	1,150,322
Sitting Fees to Directors	Directors	130,500
Other Operating Expenses		
IL&FS Limited	Ultimate Holding Company	53,412
IL&FS Investment Managers Limited	Holding Company	1,955,194
IIDC Limited	Fellow Subsidiary	323,776
Balances as at		March 31, 2017
Receivables		
IL&FS Limited	Ultimate Holding Company	761,412
Payables		
IL&FS Investment Managers Ltd	Holding Company	2,455
IIDC Limited	Fellow Subsidiary	3,362,934
Tamil Nadu Water Investment Company Limited	Fellow Subsidiary	420,000

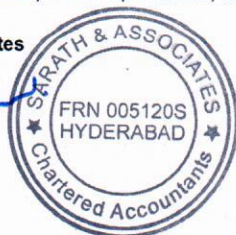
23 SEGMENT REPORTING

The company is engaged in the business of providing project consultancy services. As the company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by Accounting Standard 17 is not applicable.

24 As this is the first year of operations, no comparative figures for previous year are given

For Sarath & Associates
Chartered Accountants

Partner
S Srinivas
M.No.202471



Date: May 29, 2017
Place: Vijayawada


 Director

 Director

 Chief Executive Officer

 Chief Financial Officer

 Company Secretary