

**CBD Tower Private Limited**

**Annual Accounts**

**2015-2016**

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of CBD Tower Private Limited**

**Report on the Financial Statements**

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

**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 of 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.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit/losses and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

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.

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 purposes 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (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".

**Pathak H.D. & Associates**  
Chartered Accountants

- (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. There were no pending litigations which would impact the financial position of the Company; however there is a liability which is contingent upon certain approvals as explained in Note no. 1.3 of the financial statements.
  - 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 Pathak H. D. & Associates  
Firm Registration No: 107783W  
Chartered Accountants

Vishal D. Shah  
Partner  
Membership No. 119303

Place: Mumbai  
Date: May 24, 2016

**Annexure A to Auditors' Report**

**Referred to in our Auditors' Report of even date to the members of CBD Tower Private Limited on the financial statements for the year ended March 31, 2016**

- (i) The Company does not have any fixed assets, hence the reporting requirements under paragraph 3(i) (a), (b) and (c) of the Order are not applicable.
- (ii) As explained to us, there is no physical inventory in existence and hence, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loan, secured or unsecured, to any company, firm Limited Liability Partnerships or other parties covered in the register maintained under section 189 of Act. Accordingly, provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.
- (vi) In our opinion and according to information given to us, no cost records have been prescribed by the Central Government of India under sub-section (1) of Section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable, with the appropriate authorities.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable were outstanding, at the year end, for a period of more than six months from the date they became payable.  
(c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, value added tax and cess as at March 31, 2016 which have not been deposited on account of a dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings from any financial institution, banks, government or debenture holders; however the Company has not paid / provided interest due to debenture holders due to the reasons stated in the Note No. 1.3 of the financial statements.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

**Pathak H.D. & Associates**  
Chartered Accountants

- (xi) The Company has not paid any managerial remuneration to any of its directors hence, the requirement of the clause 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Pathak H. D. & Associates**  
Firm Registration No: 107783W  
Chartered Accountants

**Vishal D. Shah**  
Partner  
Membership No. 119303

Place: Mumbai  
Date: May 24, 2016

**Annexure - B to Auditor's report**

**Annexure to the Independent Auditor's Report referred to in paragraph "f" under the heading "Report on other legal and regulatory requirements" of our report of even date on the financial statements of CBD Tower Private 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 CBD Tower Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". 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 Act.

**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 my /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.

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

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

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For Pathak H. D. & Associates**  
Firm Registration No: 107783W  
Chartered Accountants

**Vishal D. Shah**  
Partner  
Membership No. 119303

Place: Mumbai  
Date: May 24, 2016



**CBD Tower Private Limited**

**Balance Sheet as at March 31, 2016**

Particulars	Note No.	As at	As at
		March 31, 2016	March 31, 2015
		Rupees	Rupees
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2.1	1,90,43,84,940	1,90,43,84,940
(b) Reserves and Surplus	2.2	<u>(3,88,36,867)</u>	<u>(3,88,36,867)</u>
		1,86,55,48,073	1,86,55,48,073
<b>(2) Non-current liabilities</b>			
Long-Term Borrowings	2.3	1,59,05,17,660	1,59,05,17,660
<b>(3) Current liabilities</b>			
Other Current Liabilities	2.4	3,20,35,07,946	3,20,35,04,188
<b>Total</b>		<u><u>6,65,95,73,679</u></u>	<u><u>6,65,95,69,921</u></u>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
Fixed Assets			
Capital work-in-progress	2.5	5,83,00,35,750	5,82,97,99,622
<b>(2) Current assets</b>			
(a) Cash and Cash Equivalents	2.6	5,37,929	7,70,299
(b) Short-Term Loans and Advances	2.7	<u>82,90,00,000</u>	<u>82,90,00,000</u>
		82,95,37,929	82,97,70,299
<b>Total</b>		<u><u>6,65,95,73,679</u></u>	<u><u>6,65,95,69,921</u></u>

**Significant Accounting Policies and Notes to the Financial Statements**

1 & 2

As per attached report of even date

For Pathak H.D. & Associates  
Chartered Accountants  
Firm Registration Number: 107783W

For and on behalf of the Board of Directors

Vishal D. Shah  
Partner  
Membership No: 119303

Director Director

Place : Mumbai  
Date :

Place : Hyderabad/  
Date :

**CBD Tower Private Limited**

**Statement of Profit and Loss for the year ended March 31, 2016**

Particulars	Note No.	Year ended	Year ended
		March 31, 2016	March 31, 2015
		Rupees	Rupees
I. Revenue from operations		-	-
II. Other Income		-	-
III. Total Revenue (I+ II)		-	-
IV. Expenses:		-	-
V. Profit / (Loss) before tax (III-IV)		-	-
VI. Tax expense:		-	-
VII. Profit/(Loss) after tax (V-VI)		-	-
VIII. Earnings per equity share:	2.11		
(1) Basic			-
(2) Diluted			-

**Significant Accounting Policies and Notes to the Financial Statements**

1 & 2

As per attached report of even date

For Pathak H.D. & Associates  
Chartered Accountants  
Firm Registration Number: 107783W

For and on behalf of the Board of Directors

Vishal D. Shah  
Partner  
Membership No: 119303

Director

Place :Mumbai  
Date :

Place :Hyderabad  
Date :

**CBD Tower Private Limited**  
**Cash Flow Statement for the year ended March 31, 2016**

	Year ended March 31, 2016	Year ended March 31, 2015
	Rupees	Rupees
<b>A Cash Flow from Operating Activities</b>		
Profit/(Loss) before taxation	-	-
Operating Profit/(Loss) before Working Capital Changes	-	-
Adjustments for :	-	-
Net Cash Flow generated from / (used in) Operating Activities	-	-
<b>B Cash Flow from Investing Activities</b>		
Capital Work-in-Progress	(2,32,370)	(16,87,796)
Net Cash Flow used in Investing Activities	(2,32,370)	(16,87,796)
<b>C Cash Flow from Financing Activities</b>		
Proceeds from issue of Equity Shares	-	17,80,000
Net Cash Flow generated from Financing Activities		17,80,000
Net Increase/(Decrease) in Cash and Cash equivalents	(2,32,370)	92,204
Opening Balance of Cash and Cash equivalents	7,70,299	3,77,019
Closing Balance of Cash and Cash equivalents - Balance in Current account with Bank	5,37,929	7,70,299
Net Increase / (Decrease) in Cash and Cash equivalents	(2,32,370)	3,93,280

As per attached report of even date

For Pathak H.D. & Associates  
Chartered Accountants  
Firm Registration Number:

For and on behalf of the Board of Directors

Vishal D. Shah  
Partner  
Membership No: 119303

Director Director

Place :Mumbai  
Date :

Place :Hyderabad  
Date :

**CBD Tower Private Limited**  
**Accounting Policies and Notes to the Financial Statements**

**1.1 Background**

Pursuant to the competitive bidding process done by Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) for selection of bidder for the development of trade tower and business district, Reliance Infrastructure Limited had been selected as developer. The project envisages development of the land in two modules. The first module involves development of trade tower on 30 acres of the land and the second module involves development of business district on the remaining 50.27 acres of the land. For the purpose of the development of the project, the Company has been incorporated as a special purpose vehicle (SPV). Consequently, the Company and APIIC had signed a Development Agreement dated May 28, 2008 for the same. After development of the project, the Company intends to lease out the developed property to the interested users. Also Refer Note 1.3 below.

**1.2 Significant Accounting Policies**

**a) Basis of Accounting**

The financial statements are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India, the relevant provisions of the Companies Act, 2013 (the Act) and comply in material aspects with the Accounting Standards notified under Section 133 of the Act, (read with Rule 7 of the Companies (Accounts) Rules, 2014).

**b) Presentation and Disclosure of Financial Statements**

The financial statements have been prepared as per the requirements of Schedule III notified under the Act.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

**c) Use of Estimates**

The preparation and presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses for the period presented. Actual results could differ from those estimates.

**d) Fixed Assets and Capital Work-in-progress**

- (i) The gross block of Fixed Assets is stated at cost of acquisition or construction, including any cost attributable to bringing the assets to their working condition for their intended use.
- (ii) All Project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure, expenditure indirectly related to the project and incidental to setting up project facilities, borrowing cost incurred prior to the date of commercial operation are shown under Capital Work-in-Progress (CWIP).

**e) Depreciation / Amortisation**

Fixed assets are depreciated under the 'Straight Line Method' as per the useful life and in the manner prescribed under Schedule II to the Act.

**f) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**g) Accounting for Taxes on Income**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, in respect of unabsorbed depreciation or carry forward loss, the deferred tax assets is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future.

**CBD Tower Private Limited**  
**Accounting Policies and Notes to the Financial Statements (continued)**

**h) Provisions**

Provisions are recognised when the Company has a present legal obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

**i) Contingent Liabilities and Contingent Assets**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence and non-occurrence of one or more uncertain future events not wholly within control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognized nor disclosed in the financial statements.

**j) Cash and Cash Equivalents:**

Cash and cash equivalents include Cash in hand, cash at bank and demand deposits with bank.

**1.3 Project Restructuring Plan**

The Company had decided to restructure the project to mitigate the project risk arising due to reasons attributable to the economic slowdown, recession and uncertainty in the real estate market. The Company had prepared a Restructuring Plan to align the project with the changes in the real estate market conditions with the assistance from consultants which had been approved by the Board of Directors on October 28, 2009. The restructuring is undertaken in the following categories

- Financial Restructuring
- Restructuring of project development framework
- Restructuring of project implementation

The Restructuring plan was submitted to APIIC for its approval on October 28, 2009. APIIC approved the terms of the restructuring proposal vide its letter dated December 21, 2009 and July 24, 2010 ("Approval Letters"). Some of the key terms approved by APIIC include the following:

- (a) Waiver of development premium payable @ 12% p.a. as per the terms of Development Agreement upto March 31, 2012.
- (b) Interest coupon rate on debentures will be @ 2% p.a. for the period April 1, 2010 to March 31, 2015.
- (c) The interest on debentures from the date of issue to March 31, 2010 is due to be paid by March 31, 2015.
- (d) Default penal charges amounting to Rs. 18,250,000 is payable by the Company as per the terms of development agreement.
- (e) Allowing balance Land payment to be made in installments by March 31, 2015

The financial obligation for payment of installments towards land and debentures interest, would be payable on execution of amended agreement.

In continuation of the approvals accorded by APIIC Board on December 21, 2009 and July 24, 2010 to the restructuring proposal for the project, the APIIC Board also approved further additions to restructuring proposal on May 7, 2011 which inter alia provided for;

- a) Treating date of signing amended agreement as effective date
- b) Mechanism for transfer of land for constructing trade tower
- c) Permitting construction of business district prior to construction of trade tower
- d) Permitting consortium to dilute its equity from 51% to 26% three years after the financial closure of trade tower.

APIIC Board also recommended appointment of an independent third party consultant to comment on the approved restructuring proposal.

The independent consultant appointment was inordinately delayed by APIIC, therefore, the company vide letter dated January 15, 2013, February 28, 2013 and May 16, 2013 put up supplementary demands to APIIC and requested for continuing the waivers / concessions until signing of amendment agreements and extension of timelines, corresponding to delay period, for all payment and project obligations.

**CBD Tower Private Limited**  
**Accounting Policies and Notes to the Financial Statements (continued)**

APIIC appointed Ernst & Young LLP (E&Y) as third party consultant in August 2013 and advised E&Y to include our supplementary demands while giving their recommendations. E&Y since submitted their report and recommended in favour of restructuring including supplementary demands. The E&Y recommendations were placed in APIIC Board on December 20, 2013. APIIC Board, after discussion, created a sub-committee of directors to take a final decision on the recommendations of E&Y report. The sub-committee approved the E&Y recommendations which were then placed before APIIC Board on May 02, 2014 for their approval. The company has been intimated by APIIC, vide letter dated May 06, 2014, that their Board has agreed with the findings of the sub-committee and E&Y recommendations supporting restructuring.

After the bifurcation of state and creation of Telangana State, the project came under Telangana State jurisdiction. The Government of Telegana (GoT) then constituted a Committee of Secretaries (CoS) through G.O. Rt. No. 322 dated October 15,2015 headed by Chief Secretary (GoT), empowering it to take final decision on the recommendations of TSIC Board read with E&Y report. Committee of Secretaries (CoS) asked the Company and E&Y to explain and make a presentation on Restructuring of project.

Post the presentation made on November 13, 2015 by the Company and E&Y to CoS, Chief Secretary asked the Company to formally put up a letter summarizing all the demands with reasons and the same was submitted to CoS on November 20, 2015.CoS then asked TSIC to furnish self contained note flagging all the pending issues to be decided by CoS which was accordingly submitted by them. Decision of CoS is expected shortly.

In view of above substantive development on the proposal of the Company for restructuring with the Government of Telangana, the Company has not made provision for (a) Development Premium of Rs. 1,320,665,398 @ 12% p.a compounded annually on Rs. 2,302,739,000 balance land cost payment of module- II and (b) Interest of Rs. 445,897,177 on Debentures, both for the period from April 01, 2012 to March 31, 2016, as per the existing agreements.

**2. Notes to Financial Statements**

**2.1. Share Capital**

	As at March 31, 2016		As at March 31, 2015	
	Numbers	Rupees	Numbers	Rupees
<b>Authorised</b> Equity shares of Rs. 10 each	500,000,000	5,000,000,000	500,000,000	5,000,000,000
<b>Issued and Subscribed and Fully paid up</b> Equity shares of Rs.10 each fully paid-up	190,438,494	1,904,384,940	190,438,494	1,904,384,940

**a) Reconciliation of shares outstanding as at the beginning and at the end of the reporting period**

	As at March 31, 2016		As at March 31, 2015	
	Numbers	Rupees	Numbers	Rupees
Shares at the beginning of the year	190,438,494	1,904,384,940	190,338,494	1,903,384,940
Add : Shares Issued during the year	-	-	100,000	1,000,000
Shares at the end of the year	190,438,494	1,904,384,940	190,438,494	1,904,384,940

**b) Shares held by the holding company/ ultimate holding company and/or their associates/ subsidiaries and shareholders holding more than 5% shares in the company**

Name of share holders	As at March 31, 2016			As at March 31, 2015		
	Numbers	Rupees	% Held	Numbers	Rupees	% Held
Reliance Infrastructure Limited (Rinfra)	169,490,260	1,694,902,600	89	169,490,260	1,694,902,600	89
Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC)	20,948,234	209,482,340	11	20,948,234	209,482,340	11

**CBD Tower Private Limited**  
**Accounting Policies and Notes to the Financial Statements (continued)**

**c) Terms and Rights attached to Equity Shares**

- a. Shares are issued at par value of Rs. 10 each.
- b. The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.
- c. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

**2.2 Reserves and Surplus**

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>Surplus / (Deficit) as per Statement of Profit and Loss</b>		
Opening Balance	(38,836,867)	(38,836,867)
Add: Profit/ (Loss) during the year	-	-
<b>Closing Balance</b>	<b>(38,836,867)</b>	<b>(38,836,867)</b>

**2.3. Long Term Borrowings**

	As at March 31, 2016		As at March 31, 2015	
	Numbers	Rupees	Numbers	Rupees
<b>Debentures - Secured</b>				
<b>2 % Fully Convertible Debentures of Rs. 10 each</b>	159,051,766	1,590,517,660	159,051,766	1,590,517,660

The Company had entered into a debenture subscription agreement dated May 28, 2008 with Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) for the issue of 12% fully convertible debentures of Rs. 10 each aggregating to Rs.1,799,987,640 for consideration other than cash secured against a first charge created on the land till the date of execution of the financing documents and thereafter APIIC will cede the first charge in favour of the lenders and shall continue to have a second charge till the debentures are fully converted into equity shares of the Company. The debentures shall be convertible into equity shares of the Company to maintain the equity holding of APIIC of 11% in the Company till the debentures are fully converted into equity shares of the Company. The debentures shall be entitled to a coupon of 12% per annum compounded annually pending the conversion into equity shares. Pursuant to the restructuring of the project (Refer Note 1.3 above), the coupon rate for interest on debentures has been reduced to 2% p.a. for the period April 1, 2010 to March 31, 2014.

**2.4 Other Current Liabilities**

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Creditors for Capital Expenditure	2,820,989,000	2,820,989,000
Interest accrued but not due on Borrowings (refer note 1.3)	382,434,620	382,434,620
Other Payable (including Statutory Dues)	84,326	80,568
	<b>3,203,507,946</b>	<b>3,203,504,188</b>

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**CBD Tower Private Limited**  
**Accounting Policies and Notes to the Financial Statements (continued)**

2.5 Capital Work-in-Progress	As at	As at
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Land - Module I	1,971,000,000	1,971,000,000
Land - Module II	3,302,739,000	3,302,739,000
<b>Total (A)</b>	<b>5,273,739,000</b>	<b>5,273,739,000</b>
<b>Incidental Expenditure Pending Allocation / Capitalisation</b>		
Registration Charges for Development Agreement	74,695,170	74,695,170
Interest on Debentures	424,927,357	424,927,357
Legal and Professional Charges	23,646,683	23,573,683
Miscellaneous Expenses	2,753,456	2,684,413
Project Development Expenses	30,000,000	30,000,000
Audit Fees	2,14,000	1,80,000
<b>Total (B)</b>	<b>556,296,750</b>	<b>556,060,622</b>
<b>Total (A+B)</b>	<b>5,830,035,750</b>	<b>5,829,799,622</b>

The total land of 80.27 acres at Hyderabad for the project is divided into two modules – I and II. The total quoted price for the module I (30 acres) is Rs. 1,971,000,000 and the total quoted price for module II (50.27 Acres) is Rs. 3,302,739,000 as per the terms of the development agreement dated May 28, 2008 executed between the Company and APIIC. Against the total quoted price for module I, the Company had issued debentures of Rs. 1,799,987,640 for consideration other than cash and paid the balance amount. Against the total quoted price for module II, the Company has paid Rs. 1,000,000,000. The sale deed for the same would be executed on payment of full amount and on complying with the terms and conditions specified in the Development Agreement. Accordingly the same has been disclosed in Capital-work-in-progress.

**2.6 Cash and Cash equivalents**

	As at	As at
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Balances with Bank in Current account	537,929	770,299

**2.7 Short Term Loans and Advances**

	As at	As at
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Performance Security towards Development Agreement	829,000,000	829,000,000

As per the terms of the Development Agreement (referred in note 1.3 above), 50% of the total payment towards total quoted price of land for module II would be treated as performance security and would be adjusted there from on execution of the sale deed for module II. The Company had paid Rs.1,000,000,000 towards the cost of the land for module II which is 30% of the total cost; accordingly 50% of the same ( i.e. Rs. 500,000,000) has been treated as performance security. The same would be transferred as the payment towards the cost of land on execution of the amended agreement.

The performance security of Rs. 329,000,000, for Module 1 would be adjusted towards the balance payment of module II as per the payment schedule mentioned in the approval letters and the company would provide bank guarantee of equivalent amount as and when such adjustment is made.



**CBD Tower Private Limited**  
**Accounting Policies and Notes to the Financial Statements (continued)**

**2.8 Segment Reporting**

The Company is in the business of designing and development of the real estate / infrastructure projects including in particular trade tower and business district at Hyderabad, hence there are no separate reportable segments as specified in Accounting Standard 17 on 'Segment Reporting' as prescribed under Section 133 of the Companies Act 2013.

2.9 There are no employees on the payroll of the Company accordingly no disclosure has been made under Accounting Standard 15 on Employee Benefits as prescribed under Section 133 of the Companies Act, 2013.

**2.10 Related Party Disclosures**

As per Accounting Standard 18, as prescribed under Section 133 of the Companies Act, 2013, the disclosures of transaction with related parties are given below:

- a) Parties where control exists  
Reliance Infrastructure Limited (R Infra) – Holding Company
- b) Other related parties with whom transactions have taken place during period:  
Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) – Investing Company which holds 11% of the voting rights in the Company

c) Key Management Personnel:

Mr. Manish N. Jain - Manager \*

\* There are no transactions during the Year.

d) Details of transactions during the year and closing balances as at March 31, 2016

Particulars	R Infra		APIIC	
	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Transaction during the period</b>				
Contribution to Equity Share Capital	-	890,000	-	110,000
Share Application money received	-	890,000	-	-
Conversion of Debentures into Equity Shares	-	-	-	110,000
Conversion of Share Application into Equity Shares	-	890,000	-	-
<b>Closing Balances</b>				
Investment in Equity Shares	1,694,902,600	1,694,902,600	209,482,340	209,482,340
Debentures	-	-	1,590,517,660	1,590,517,660
Short Term Loans and Advances (Performance Security)	-	-	829,000,000	829,000,000
Interest accrued but not due on Debentures	-	-	382,434,620	382,434,620
Creditors for Capital Expenditure	-	-	2,820,989,000	2,820,989,000

Rupees

**CBD Tower Private Limited**  
**Accounting Policies and Notes to the Financial Statements (continued)**

**2.11 Earnings per Share**

<b>Particulars</b>	<b>For the Year ended March 31, 20156</b>	<b>For the Year ended March 31, 2015</b>
Profit / (Loss) for the year / period (Rs.) (A)	-	-
Weighted average number of equity shares (B)	<b>190,438,494</b>	190,357,398
Add: Adjustment on account of convertible debentures	#	#
Weighted average number of equity shares (C) – Diluted	<b>190,438,494</b>	190,357,398
Earnings per share – Basic and Diluted (Rupees) (A/B)	-	-
Nominal value of an equity share (Rs.)	<b>10</b>	10

# Since there is no Profit/(Loss) for the year, hence there is no dilution on account of conversion of Potential equity shares of Convertible Debentures. Hence no adjustment is made for the same.

**2.12** Information to the extent not disclosed, with regards to Matters specified in 5 of the Schedule III of the Companies Act, 2013 is either Nil or not applicable to the Company for the year ended March 31, 2016.

**2.13** Figures for the previous period have been regrouped, reclassified, rearranged wherever necessary.

---

As per our attached report of even date

**For Pathak H.D. & Associates**  
**Chartered Accountants**  
**Firm Registration No: 107783W**

**For and on behalf of the Board**

**Vishal D. Shah**  
**Partner**  
**Membership No. 119303**

**Director**

**Director**

**Place: Mumbai**  
**Date :**

**Place: Hyderabad**  
**Date:**