

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANDAVI LNG TERMINAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MANDAVI LNG TERMINAL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 December, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the period 15 November, 2013 to 31 December, 2014 and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for 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 Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 judgement, 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the period from 19 November, 2013 to 31 December, 2014; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order for the period ended 31 December, 2014, to the extent the same are applicable to the Company.
- 2. As required by Section 227(3) of the Act, we report that:
 - (a) We have 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards specified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs).



**Deloitte
Haskins & Sells**

- (e) Since the provisions of Section 274(1)(g) of the Act are not in effect from 1 April, 2014, the reporting requirement under Section 227(3)(f) of the Act is not applicable as of the balance sheet date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 015125N)



Jitendra Agarwal

JITENDRA AGARWAL
Partner
(Membership No. 87104)

GURGAON, 14 May, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/ activities/ results during the period, clauses (i), (ii), (vi), (vii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii) and (xx) of paragraph 4 of the Order are not applicable to the Company.
- (ii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, during the period the said Section was applicable.
- (iii) In our opinion and according to the information and explanations given to us, the Company's operation did not give rise to purchase of inventory, fixed assets and sale of goods and services during the current period. Accordingly, the provisions of the clause 4 (iv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (iv) Based on the examination of the books of account and related records and according to the information and explanations provided to us, there are no contracts or arrangements with companies, firms or other parties which need to be listed in the register maintained under Section 301 of the Companies Act, 1956, during the period the said Section was applicable.
- (v) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the Company.
- (vi) According to the information and explanations given to us in respect of statutory dues:
 - a. the Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There are no undisputed amounts payable in respect of these statutory dues which have remained outstanding as at 31 December, 2014 for a period of more than six months from the date they become payable. We are informed that the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952, Employees' State Insurance Act, 1948, Sales tax and Service tax are not applicable to the Company and the operations of the Company during the period did not give rise to any liability for Investor Education and Protection Fund, Wealth Tax, Customs Duty and Excise Duty.
 - b. there are no dues in respect of Income-tax and Cess which had not been deposited on account of any dispute.
- (vii) Since the Company has been registered for a period less than five years, the provisions of clause 4(x) of the Order regarding accumulated losses and cash losses are not applicable to the Company.



Deloitte Haskins & Sells

- (viii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the period for long term investment.
- (ix) According to the information and explanations given to us, the Company has not issued any debentures during the period covered by our report. Accordingly, the provisions of clause (xix) of the Order are not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the period.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 015125N)



Jitendra Agarwal

JITENDRA AGARWAL
Partner
(Membership No. 87104)

GURGAON, 14 May, 2015

MANDVI LNG TERMINAL LIMITED
BALANCE SHEET AS AT 31 DECEMBER, 2014

	Note Ref.	As at 31.12.2014 (Rupees)
A EQUITY AND LIABILITIES		
1. SHAREHOLDERS' FUNDS		
(a) Share capital	3	500,000
(b) Reserves and surplus	4	(80,172)
		419,828
2. CURRENT LIABILITIES		
Trade payables	5	22,500
		442,328
B ASSETS		
1. CURRENT ASSETS		
Cash and cash equivalents	6	442,328
		442,328

See accompanying notes forming part of the financial statements

1-12

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Jitendra Agarwal

JITENDRA AGARWAL
Partner



For and on behalf of the Board of Directors

Akhil Agarwal

AKHIL AGARWAL
Director

Ajai Nirula

AJAI NIRULA
Director

Place: *Gurgaon*
Date: *14-05-2015*

Place: *Gurgaon*
Date: *14-05-2015*

MANDVI LNG TERMINAL LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 15 NOVEMBER 2013 TO 31 DECEMBER, 2014

	<u>Note Ref.</u>	<u>For the period ended 31.12.2014 (Rupees)</u>
1. INCOME		<u>-</u>
2. EXPENSES		
Other expenses	7	<u>80,172</u>
3. LOSS BEFORE TAX		<u>(80,172)</u>
4. TAX EXPENSE		-
5. LOSS FOR THE PERIOD		<u>(80,172)</u>
6. EARNING PER SHARE	11	
(Face value of Rs. 10 per share)		
- Basic		(6.23)
- Diluted		(6.23)
See accompanying notes forming part of the financial statements	1-12	

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner



For and on behalf of the Board of Directors

AKHIL AGARWAL
Director

AJAI NIRULA
Director

Place: Gurgaon
Date: 14-05-2015

Place: Gurgaon
Date: 14-05-2015

MANDVI LNG TERMINAL LIMITED
CASH FLOW STATEMENT FOR THE PERIOD 15 NOVEMBER 2013 TO 31 DECEMBER, 2014

**For the
period ended
31.12.2014
(Rupees)**

CASH FLOW FROM OPERATING ACTIVITIES:

Loss before tax	(80,172)
Operating profit before working capital changes	(80,172)
Adjustments for increase / (decrease) in operating liabilities:	
Trade payables	22,500
Cash generated from operations	(57,672)
Taxes paid (including Tax deducted at source)	-
Net cash used in operating activities	(57,672)

CASH FLOW FROM INVESTING ACTIVITIES:

Net Cash usedn in investing activities -

CASH FLOW FROM FINANCING ACTIVITIES:

Issue of Equity Shares	500,000
Net Cash from financing activities	500,000

Net increase in cash and cash equivalents **442,328**

Cash and cash equivalents at the beginning of the period (see note 6)	-
Cash and cash equivalents at the end of the period (see note 6)	442,328
Net increase in cash and cash equivalents	442,328

In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

Jitendra Agarwal

JITENDRA AGARWAL

Partner



For and on behalf of the Board of Directors

Akhil Agarwal

AKHIL AGARWAL

Director

Ajai Nirula

AJAI NIRULA

Director

Place: Gurgaon
Date: 14-05-2015

Place: Gurgaon
Date: 14-05-2015

MANDVI LNG TERMINAL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1

Background

Mandvi LNG Terminal Limited (herein after referred to as "the Company" or "MLTL") was incorporated on 15 November, 2013 as a subsidiary of IL&FS Energy Development Company Limited for the purpose of developing liquefied natural gas (LNG) terminal project.

These accounts have been prepared for the period 15 November, 2013 (date of incorporation of the Company) to 31 December, 2014. This being the first period of operations of the Company, no prior period comparatives are available.

NOTE 2

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting and 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 notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 and 08/2014 dated 4 April, 2014 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/2013 Act as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

b. 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) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c. Cash and cash equivalents

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.

d. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and 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.

e. Other income

Interest income is accounted on time proportionate basis.



①

MANDVI LNG TERMINAL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

f. Transactions in foreign exchange

Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences – when para 46 / 46A of AS 11 is adopted

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss.

g. Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 'Earnings per share'. Basic earnings per equity share is computed by dividing the net profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit/(loss) for the year by the weighted average number of equity shares during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti dilutive.

h. Taxes on income

Current tax is the amount of tax payable on the 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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

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 and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right



①

MANDVI LNG TERMINAL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

i. Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the financial statements. Contingent assets are not recognised in the financial statements.

j. Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in 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.



Q

MANDVI LNG TERMINAL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

As at 31.12.2014
Number of (Rupees)
shares

NOTE 3

SHARE CAPITAL

AUTHORISED

Equity shares of Rs. 10 each with voting rights	50,000	500,000
---	--------	---------

ISSUED, SUBSCRIBED AND FULLY PAID UP

Equity shares of Rs. 10 each with voting rights	<u>50,000</u>	<u>500,000</u>
---	---------------	----------------

See notes (i) to (iv) below

Notes:

- (i) 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. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportionate to the number of equity shares held by the shareholders.
- (ii) Details of shares held by each shareholder holding more than 5% shares:

	<u>As at 31.12.2014</u>	
	<u>Number of shares held</u>	<u>% holding in that class of shares</u>
IL&FS Energy Development Company Limited, Holding Company	50,000	100%

- (iii) Details of shares held by the holding company

<u>Particulars</u>	<u>Aggregate number of shares</u>	
	<u>As at 31.12.2014</u>	
Fully paid up equity shares with voting rights		
IL&FS Energy Development Company Limited, Holding Company	50,000	100%

- (iv) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

<u>Particulars</u>	<u>Opening Balance</u>	<u>Issued during the period</u>	<u>Closing Balance</u>
Equity shares with voting rights			
Period ended 31.12.2014			
- Number of shares	-	50,000	50,000
- Amount (Rupees)	-	500,000	500,000



MANDVI LNG TERMINAL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

As at
31.12.2014
(Rupees)

NOTE 4

RESERVES AND SURPLUS

DEFICIT IN STATEMENT OF PROFIT AND LOSS

Opening balance
Add: Loss for the period
Closing balance

-
(80,172)
(80,172)

NOTE 5

TRADE PAYABLES

Other than acceptances (see note below)

22,500

Note:

Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under the Micro and Small Enterprises Development (MSMED) Act, 2006 is Rs. Nil and no interest during the year has been paid or is payable under the terms of the MSMED Act, 2006. The information provided by the Company has been relied upon by the auditors.

NOTE 6

CASH AND CASH EQUIVALENTS

Balances with banks - in current account

442,328



Q

MANDVI LNG TERMINAL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**For the
period ended
31.12.2014
(Rupees)**

NOTE 7

OTHER EXPENSES

(a) Payment to auditors - statutory audit fee	25,000
(b) Rates and taxes	1,858
(c) Legal and professional expenses	51,483
(d) Miscellaneous expenses	1,831
	<hr/> 80,172 <hr/>



②

MANDVI LNG TERMINAL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 8

CONTINGENT LIABILITY OR CAPITAL COMMITMENTS

There is no contingent liability or capital commitments as at the period end.

NOTE 9

SEGMENT REPORTING

Since, the Company has not yet started its operations, the reporting requirements for primary and secondary segment disclosures prescribed by AS 17 are not applicable.

NOTE 10

RELATED PARTY TRANSACTIONS

a) List of related parties: (which whom the company had transactions during the period):

i. ULTIMATE HOLDING COMPANY

Infrastructure Leasing & Financial Services Limited (IL&FS)

ii. HOLDING COMPANY

IL&FS Energy Development Company Limited (IEDCL)

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

		(Amount in Rupees)
S. no.	Particulars	Holding Company
A	Transactions during the period	
	Equity share capital	
	IEDCL	500,000
	Legal and professional expenses	
	IEDCL	51,483
B	Balance outstanding as at 31 December, 2014	
	Equity share capital	
	IEDCL	500,000



A handwritten signature in blue ink, consisting of a stylized letter 'Q' followed by a flourish.

MANDVI LNG TERMINAL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 11

EARNINGS PER SHARE

	Unit	For the period ended 31.12.2014 Rupees
a. Loss for the period	Rupees	(80,172)
b. Weighted average of number of equity shares used in computing the basic and diluted earnings per share	Number of Shares	12,877
c. Basic and diluted earnings per share / (a/b)	Rupees	(6.23)

NOTE 12

DEFERRED TAX ASSETS

The Company has carried out its tax computation in accordance with Accounting Standard, As 22-'Taxes in Income' as prescribed by the Companies (Accounting Standards) Rules, 2006. There has been a net deferred tax asset on account of losses. However as a principle of prudence, the Company has not provided for deferred tax assets for the period ended 31 December 2014.

For and on behalf of the Board of Directors


AKHIL AGARWAL
Director


AJAI NIRULA
Director

Place: Gurgaon
Date : 14-05-2015

