

IVRCL LANKA (PVT) LTD
FOR THE YEAR ENDED 31ST MARCH 2016

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
IVRCL LANKA (PVT) LIMITED**

1. Report on the Financial Statements

We have audited the accompanying financial statements of IVRCL Lanka (Pvt) Ltd, ("the Company"), which comprise the Statement of Financial Positions at 31st March 2016, and the Statement of Comprehensive Income, statement of changes in equity and, Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal controls as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. 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 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 control relevant to the entity'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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, 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 qualified audit opinion.



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F.S.N. Amarikkar FCA, S.M.S.S. Bandara MBA, FCA, D.S. De Silva LL.B., Attorney at Law,
ACA, ACMA(UK)

Partner (Hon'dy) W.L.L. Perera FCA.

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4. Basis for Qualified Opinion

- 4.1 Valuation of the project work-in-progress amounting to Rs. 2,243 Mn (approx.) could not be ascertained in the absence of independent valuation.
- 4.2 We did not observe the physical inventory verification at the end of the financial year. Therefore we could not ascertain the existence and condition of the Raw material inventories held at 31st March 2016 amounting to Rs. 21.1Mn (approx.).
- 4.3 Accuracy & completeness of advance payment made to company's supplier Oasis Delta International Ltd amounting to Rs.49.7Mn (approx.) could not be ascertained in the absence of agreement between the parties.
- 4.4 Gratuity Liability is not provided in the Financial Statement.

5. Qualified Opinion

In our opinion, except for the matters stated in paragraph (4) above and any consequent adjustments that may arise there from, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for SME's.


6. Emphasis of Matter

Without qualifying our opinion we draw attention to fact that the Note No.2.06 of the financial statements.

7. Report on Other Legal and Regulatory Requirements

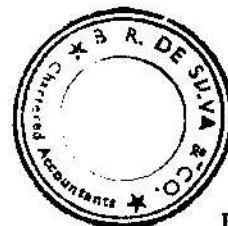
As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of qualified opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
 - We have obtained all the information and explanations that were required for the audit except for the matters stated in paragraph (4) above and, as far as appears from our examination, proper accounting records have been kept by the Company,
 - The financial statements of the Company, comply with the requirements of section 151 of the Companies Act No. 07 of 2007.


B. R. DE SILVA & CO.
Chartered Accountants

Date: 02/07/2016

LCP/NM/Ir/70/07



I V R C L LANKA (PRIVATE) LIMITED

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(All amounts are expressed in Sri Lanka rupees unless otherwise stated)

	Notes	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
Income			
Revenue from Operations	2.01	-	-
Other Income	2.02	-	-
Total Revenue		-	-
Expenses			
Construction and Other Expenses	2.03	216,959,384	143,938,301
Less: Increase in Work In Progress	2.04	(216,959,384)	(143,938,301)
Total Expenses		-	-
Profit/(Loss) before Taxation		-	-
Taxation		-	-
Profit/(Loss) for the Year		-	-
Significant accounting policies and notes to financial statements	1 & 2		

The financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.

Sjal
 Finance Controller

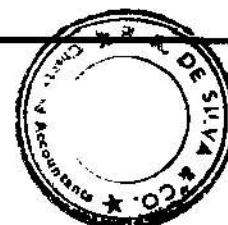
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 Date

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
 Signed for and on behalf of the Board by,

DIRECTORS	}	<u>Name</u>	<u>Signature</u>
		1. S. Ramachandran	<i>S. Ramachandran</i>
		2.
Date of approval by the Board		...02/09/2016...	



I V R C L LANKA (PRIVATE) LIMITED			
BALANCE SHEET AS AT MARCH 31, 2016			
<i>(All amounts are expressed in Sri Lanka rupees unless otherwise stated)</i>			
	Notes	As at Mar 31, 2016	As at Mar 31, 2015
<u>ASSETS</u>			
<u>Non-current Assets</u>			
Fixed Assets	2.05	207,278,345	238,672,432
<u>Current assets</u>			
Inventories	2.06	2,263,973,782	2,048,964,249
Trade and Other Receivables	2.07	56,542,403	4,503,302
Short Term Investments	2.08	-	-
Cash and Cash Equivalents	2.09	23,022,488	162,743
		2,343,538,673	2,053,630,294
Total Assets		2,550,817,018	2,292,302,726
<u>EQUITY & LIABILITIES</u>			
<u>Capital and Reserves</u>			
Stated Capital	2.10	883,247,560	819,977,560
Share Application Money Pending Allotment	2.11	-	40,970,000
Retained Earnings		1,157,915	1,157,915
		884,405,475	862,105,475
<u>Non-Current Liabilities</u>			
Term Borrowings	2.12	719,797,000	647,290,000
<u>Current Liabilities</u>			
Trade & Other Payables	2.13	602,046,462	453,211,152
Amounts due to Related Parties	2.14	344,568,081	329,696,099
Income Tax Liabilities	2.15	-	-
		946,614,543	782,907,251
Total Equity and Liabilities		2,550,817,018	2,292,302,726
Significant accounting policies and notes to financial statements	1&2		
The financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.			
<i>Spa</i> Finance Controller		Date	
The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board by,			
DIRECTORS }		<i>S. Ramachandran</i> Name	<i>S. Ramachandran</i> Signature
Date of approval by the Board		02/09/2016	

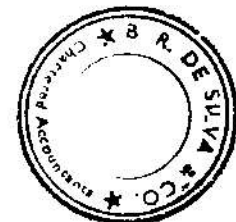


I V R C L LANKA (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY DURING THE YEAR ENDED MARCH 31, 2016

(All amounts are expressed in Sri Lanka rupees unless otherwise stated)

Particulars	Stated capital	Share application money - pending allotment	Retained earnings	Total
Balance as at 31.03.2014	793,427,560	26,550,000	1,157,915	821,135,475
Additions / (Deletion) during the year	26,550,000	14,420,000	-	40,970,000
Net Profit / (Loss) for the year	-	-	-	-
Balance as at 31.03.2015	819,977,560	40,970,000	1,157,915	862,105,475
Balance as at 01.04.2015	819,977,560	40,970,000	1,157,915	862,105,475
Additions / (Deletion) during the year	63,270,000	(40,970,000)	-	22,300,000
Net Profit / (Loss) for the year	-	-	-	-
Balance as at 31.03.2016	883,247,560	-	1,157,915	884,405,475



I V R C L LANKA (PRIVATE) LIMITED		
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016 (All amounts are expressed in Sri Lanka rupees unless otherwise stated)		
	As at Mar 31, 2016	As at Mar 31, 2015
Cash Flow from operating activities		
Net profit/(loss) before taxation	-	-
Operating profit/(loss) before working capital changes	-	-
(Increase)/Decrease in Trade & Other Receivables	(52,039,101)	2,966,040
(Increase)/Decrease in Inventories	(215,009,533)	(141,425,744)
Increase/(Decrease) in Creditors	148,835,310	19,739,468
Increase/(Decrease) in Other Provisions	31,675,213	33,028,968
Increase/(Decrease) in Loans	72,507,000	-
Increase/(Decrease) in Amounts Due to Related Parties	14,871,982	41,640,395
Net Cash Flow from Operating Activities	840,871	(44,050,873)
Cash Flows from Investing Activities		
Acquisition of Fixed Assets	(281,126)	-
Decrease/(Increase) in Investments	-	-
Net cash flow from Investing Activities	(281,126)	-
Cash Flows from Financing Activities		
Increase/(Decrease) in Stated Capital	63,270,000	26,550,000
Increase/(Decrease) in Share Money Pending Allotment	(40,970,000)	14,420,000
Increase / (Decrease) in Long Term Borrowings	-	-
Net Cash Flow from Financing Activities	22,300,000	40,970,000
Cash and Cash Equivalents at the beginning of the year	162,743	3,243,616
Cash and Cash Equivalents at the end of the year	23,022,488	162,743
Analysis of Cash and Cash Equivalents		
Cash in Hand	389,544	131,832
Cash at Bank	22,632,944	30,911
	23,022,488	162,743

The financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.

S. Paul
Finance Controller

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Date

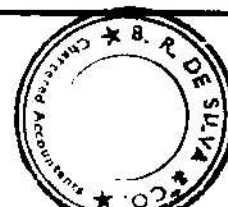
The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board by,

DIRECTORS

Name
S. Ramachandran

Signature
S. Ramachandran

Date of approval by the Board 02/09/2016



I V R C L Lanka (Private) Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS
(All amounts are expressed in Sri Lanka Rupees unless otherwise stated)

CORPORATE INFORMATION:

A) General

I V R C L Lanka (Private) Limited ("Company") is a Limited Company incorporated in Sri Lanka under Section 3 (1) (a) of the Companies Act No. 07 of 2007, on April 28, 2011. The registered office of the Company is situated at No.216, De-Saram Place, Colombo - 10, Sri Lanka. I V R C L Lanka (Private) Limited, is a wholly owned subsidiary of IVRCL Ltd., an Indian Public Limited Listed Company.

B) Principal Activities and Nature of Operations

The Company is engaged in the business of Development, Operations & Management and Execution of infrastructure projects. A contract to Design & Build for Construction of Proposed 1464 Nos of Low Cost Housing Units was awarded by Urban Development Authority (UDA) under Ministry of Defence. The project was guaranteed by Government of Sri Lanka. Based on the availability of unencumbered land parcels, till date we have received from UDA 2.83 acres in Maligawatta & 2.91 acres in Kolonnawa to consider the proposed housing in a configuration of G+11 floors. During the reporting period, the execution of work in all three sites is underway.

C) These financial statements have been prepared during the period from April 01, 2014 to March 31, 2016.

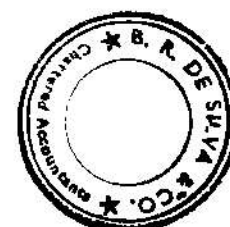
D) The significant accounting policies and notes to Financial Statements form an integral part of the Financial Statements.

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 Method of accounting

The Statements of Financial Position, Statement of Comprehensive Income, Changes in Equity and Cash Flows together with accounting policies and notes ("financial statements") of the company as at March 31, 2016 for the year then ended, comply with all material aspects of the applicable Sri Lanka Accounting Standards for Small & Medium sized Entities.

These financial statements presented in Sri Lanka Rupees have been prepared on a historical cost convention basis. The accounting policies applied by the Company have been consistently applied and are consistent with those used in the year by its Indian parent company.



I V R C L Lanka (Private) Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (All amounts are expressed in Sri Lanka Rupees unless otherwise stated)

1.2 Use of estimates

The preparation of the financial statements in conformity with Sri Lanka Accounting Standards for Small & Medium sized Entities requires the management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities at the date of the financial statements and results of operations during the reporting period. Examples of such estimates include computation of percentage of completion for projects in progress, project cost estimates, income taxes, provision for bad and doubtful debts and advances. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.3 Inventories

Inventories are valued at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

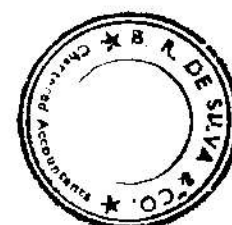
Direct expenditure relating to construction activity is inventorised. Indirect expenditure during construction period is inventorised to the extent the expenditure is related to construction or is incidental thereto. Cost incurred / items purchased specifically for projects are taken as consumed as and when incurred / received.

1.4 Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation, amortization and impairment losses (if any). Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

1.5 Depreciation

Depreciation on fixed assets is provided in accordance with the requirements of Schedule II of the Indian Companies Act, 2013, based on useful life of the assets which is made to coincide with the treatment by the Indian parent Company. In accordance with the requirements of Schedule II of the Indian Companies Act, 2013, the Company has to re-assess the useful lives and the carrying amounts of the fixed assets and would be depreciated over the remaining useful life of the asset.



I V R C L Lanka (Private) Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (All amounts are expressed in Sri Lanka Rupees unless otherwise stated)

1.6 Revenue Recognition

i) Construction Revenue

Revenue from long term construction contracts is recognized on the percentage of completion method as mentioned in Sri Lanka Accounting Standards for Small & Medium Sized Entities "Construction Contracts". Percentage of completion is determined by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract. Any expected loss on construction contract is recognized as an expense immediately when it is certain that the total contract costs will exceed the total contract revenue. During the early stages of a contract, as the outcome of the contract cannot be estimated reliably, no profit is recognized.

ii) Interest Income

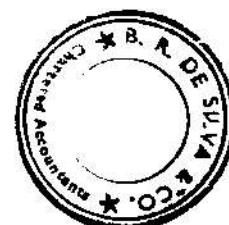
Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

1.7 Employee benefits

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Sri Lanka Accounting Standard for SMEs (Section 28) "Employee Benefits".

i) Employees are eligible for Employees' Provident Fund (EPF) Contributions and Employees' Trust Fund (ETF) Contributions in line with respective Statutes and Regulations. Contributions recognized as expense in Profit and Loss account towards (EPF) and towards (ETF). There are no other obligations other than the contributions payable to those respective funds.

ii) Gratuity liability is not provided in these financial statements.



I V R C L Lanka (Private) Limited**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS**
*(All amounts are expressed in Sri Lanka Rupees unless otherwise stated)***1.8 Foreign currency translation****i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) Exchange Differences

Exchange differences arising on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

1.9 Income taxes

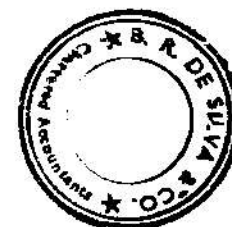
Tax expense consists of current tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Inland Revenue Act.

1.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.11 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.



I V R C L Lanka (Private) Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

(All amounts are expressed in Sri Lanka Rupees unless otherwise stated)

1.12 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

1.13 Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on 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.

1.14 Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

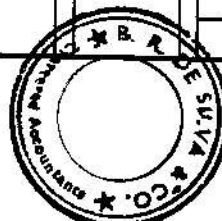


I V R C L LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts are expressed in Sri Lanka rupees unless otherwise stated)

Particulars	Notes	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
Note 2.01 : REVENUE FROM OTHER OPERATING INCOME			
Revenue from Other Operations		-	-
		-	-
Note 2.02 : OTHER INCOME			
Interest On Fixed Deposits		-	-
		-	-
Note 2.03: CONSTRUCTION AND OTHER EXPENSES			
Construction Expenses	2.03.01	48,526,140	25,661,302
Employee Benefit Expenses	2.03.02	11,976,900	28,946,128
Administration and Other Expenses	2.03.03	3,877,489	6,148,639
Finance Cost	2.03.04	46,393,077	50,153,264
Depreciation	2.03.05	31,675,214	33,028,968
Unrealized Exchange Gain / Loss		74,510,564	-
		216,959,384	143,938,301
<i>Less:</i> Transferred to Work in Progress	2.04	(216,959,384)	(143,938,301)
		-	-
Note 2.03.01 : Construction Expenses			
Purchase of Construction and Other Materials		44,463,961	25,106,351
<i>Less:</i> Closing Stock of Raw Materials		(21,136,762)	(23,085,922)
Piling Work		-	2,377,503
Drawings & Designing		-	-
Consultation Charges		1,257,706	2,756,499
Electricity & Water		1,901,198	1,256,667
Hire Charges		12,701,005	12,091,948
Insurance		2,512,455	1,867,473
Masonry and Other Works		6,506,307	3,184,511
Repairs & Maintenance		158,667	29,605
Testing Charges		167,255	76,667
Misc. Receipts		(5,652)	-
Total Construction Expenses		48,526,140	25,661,302
Note 2.03.02 : Employee Benefit Expenses			
Salaries & Wages		10,638,559	22,784,924
E.P.F Employer Contribution		20,394	500,430
E.T.F		5,820	124,378
Staff Welfare		493,057	4,062,356
Mess Expenses		819,070	1,474,040
Total Employee Benefit Expenses		11,976,900	28,946,128

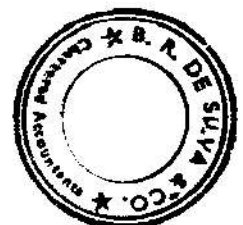


I V R C L LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts are expressed in Sri Lanka rupees unless otherwise stated)

Particulars	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
Note 2.03: CONSTRUCTION AND OTHER EXPENSES (Cont..)		
Note 2.03.03: Administration Expenses		
Auditors' Remuneration - Last Year Over Provision	(9,400)	63,730
Auditors' Remuneration - For the Year Provision	132,000	-
Excess Provision written back	-	(39,500)
Communication Expenses	344,362	264,834
Conveyance	97,410	59,390
Guest House Expenses	2,305,000	2,185,000
Vehicle Hiring Charges	-	99,722
Printing & Stationery	57,123	51,662
Rates & Taxes	5,020	4,065
Fees, Licenses & Renewals	363,091	441,857
Travelling Expenses	464,325	906,725
Watch & Ward Expenses	-	1,921,300
Other Expenses	118,558	189,854
Total Administration Expenses	3,877,489	6,148,639
Note 2.03.04: Finance Cost		
Foreign Exchange Gain / (Loss)	(9,402)	(103,997)
Interest Expenses	(3,163,783)	-
Commitment Fee	-	358,517
Interest	42,372,121	38,258,084
Bank Charges	7,194,141	34,302
Brokerage and Commission	-	11,606,358
Total Finance cost	46,393,077	50,153,264
Note 2.03.05: Depreciation		
Depreciation	31,675,214	33,028,968
Note 2.04: INCREASE/ (DECREASE) IN WORK IN PROGRESS		
Cost Incurred during the year	216,959,384	143,938,301



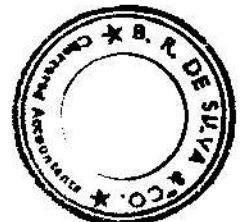
I V R C L LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

(All amounts are expressed in Sri Lanka rupees unless otherwise stated)

Note 2.5 : FIXED ASSETS

Sl. No.	Name of the Asset	Balance as at 01 st April 2015	Additions / Transfers	Disposals / Transfers	Balance as at 31 st Mar 2016
2.5.1	<u>Tangible Assets</u>				
	<i>On Cost /Valuation</i>				
	Plant & Machinery	57,047,235	204,927	-	57,252,162
	Steel Shuttering Materials	225,549,340	63,400	-	225,612,740
	Motor Vehicles	3,056,500	-	-	3,056,500
	Temporary Sheds / Pakka Sheds	13,492,794	-	-	13,492,794
	Office Equipment	1,334,938	-	-	1,334,938
	Computers	1,612,000	-	-	1,612,000
	Furniture & Fittings	1,347,346	12,800	-	1,360,146
		303,440,153	281,127	-	303,721,280
2.5.2	<u>Construction Scale Capital Work-in-Progress</u>				
	Temporary Sheds / Pakka Sheds	-	-	-	-
		-	-	-	-
2.5.3	<u>Accumulated Depreciation</u>				
	<i>On Cost /Valuation</i>				
	Plant & Machinery	8,929,734	5,339,887	-	14,269,621
	Steel Shuttering Materials	42,009,628	22,561,553	-	64,571,181
	Motor Vehicles	818,427	292,708	-	1,111,135
	Temporary Sheds / Pakka Sheds	10,640,404	2,852,390	-	13,492,794
	Office Equipment	529,314	386,521	-	915,835
	Computers	1,511,779	100,221	-	1,612,000
	Furniture & Fittings	328,435	141,934	-	470,369
	Total Value of Depreciation	64,767,721	31,675,214	-	96,442,935
2.5.4	<u>Net Book Value of Assets</u>				
	<i>At Cost /Valuation</i>				
	Total Carrying Amount of P.P.E.	238,672,432	-	-	207,278,345



IVRCL LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

(All amounts are expressed in Sri Lanka rupees unless otherwise stated)

	As at Mar 31, 2016	As at Mar 31, 2015
Note 2.06 : INVENTORIES		
Raw Materials	21,136,071	23,085,922
Work-in-Progress (Refer Note No.2.03)	2,242,837,711	2,025,878,327
	2,263,973,782	2,048,964,249
<p>In terms of the addendum to the contract agreement No.RUSP/02/CON/02/2011 dated 27th April 2011 signed with UDA dated 13th June, 2016, the parties have to finalize the amount payable to the company towards final settlement of the Aluthmawatha Project within 3 months from signing of this addendum. The cost incurred at the Aluthmawatha Project reflected in the balance sheet amounting to USD 5,302,061 (LKR 689 Mnapprox) is included as part of the work in progress. (Note 2.06).</p>		
Note 2.07 : TRADE & OTHER RECEIVABLES		
Other Receivables	3,181,175	4,461,996
Advance to Suppliers	53,319,921	-
Loans to Company Officers	41,307	41,306
	56,542,403	4,503,302
Note 2.08 : SHORT TERM INVESTMENTS		
Fixed Deposits - ICICI Bank	-	-
	-	-
Note 2.09 : CASH AND CASH EQUIVALENTS		
Cash in Hand	389,544	131,832
Cash at Bank	22,632,944	30,911
	23,022,488	162,743
Note 2.10 : STATED CAPITAL		
Issued & Fully Paid 88,324,756 Shares	883,247,560	819,977,560
	883,247,560	819,977,560
Note 2.11 : SHARE APPLICATION MONEY PENDING ALLOTMENT		
Share Application Money - Pending Allotment	-	40,970,000
	-	40,970,000
Note 2.12 : NON-CURRENT LIABILITIES		
Term Borrowings - ICICI Bank	719,797,000	647,290,000
	719,797,000	647,290,000
Note 2.13 : TRADE & OTHER PAYABLES		
Trade Creditors	83,336,273	133,303,282
Advance on Contracts	497,353,662	294,953,487
Other Payables & Accruals	21,356,527	24,954,383
	602,046,462	453,211,152
Note 2.14 : AMOUNTS DUE TO RELATED PARTIES		
IVRCL Limited	344,568,081	329,696,099
	344,568,081	329,696,099
Note 2.15 : INCOME TAX LIABILITIES		
Provision for Taxation	-	-
	-	-



IV R C L Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016
(All amounts are expressed in Sri Lanka Rupees unless otherwise stated)

2. NOTES TO FINANCIAL STATEMENTS:

2.16 Disclosures under Sri Lanka Accounting Standard for SME' Section 23 - Construction Contracts

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Contract Revenue recognized during the period	Nil	Nil
Aggregate amount of costs incurred to date	2,263,973,782/-	2,048,964,249/-
Aggregate amount of recognized profits (Less recognized losses) to date	Nil	Nil
Amount of advances received	Nil	Nil
Amount of retentions	Nil	Nil
Gross amounts due to customers for contract works	Nil	Nil

2.17 Disclosure relating to Employee Benefits

- a) **Defined Contribution Plans:** Contribution recognized as expense in Statement of Income towards Provident Funds and Trust Funds Rs.26,214/-
- b) **Defined Benefit Plan:** The Company has a Defined Benefit Gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at half month salary (last drawn salary) for each completed year of service. The expense pertaining to gratuity of Rs. Nil/- (P.Y. Rs. Nil/-) has been considered in "Salaries & Wages".

2.18 Related Party Transactions

A. List of Related Parties

- a) **Holding Company** :IVRCL Limited
- b) **Key Management Personnel** :Mr. Ramachandran Swaminathan - Director



IVRCL Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016
(All amounts are expressed in Sri Lanka Rupees unless otherwise stated)

B. Transactions maintained with related entities

Details of significant related party disclosures are given below.

The name of the Related Companies, the directors and their relationships, the nature of transactions and the balance outstanding as at March 31, 2016 are as follows.

Name of the Related Party	Relationship	Nature of Transaction	Company	
			Value of Transaction Rs.	Outstanding as at March 31, 2016 Rs.
IVRCL Limited	Parent Company	Investment in Shares	883,247,560	883,247,560
IVRCL Limited	Parent Company	Reimbursement of Expenses	14,871,982	344,568,081

C. Transactions maintained with Key Management Personnel of the Company

Key management personnel comprise the Directors of the Company and details of transactions maintained with them are as follows.

a) Loans to / from Key Management Personnel

No Loans have been given to / taken from the Directors of the Company.

b) Key Management Personnel Compensation

Short-term employee benefits - Cash Nil
Short-term employee benefits - Non Cash Nil
Nil

2.19 Commitments

a) Capital Commitments

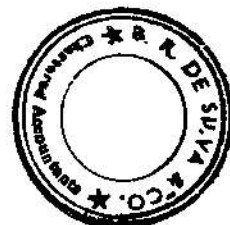
Contract Name : Construction of proposed 1464 (400 sqft each) Nos of low cost housing units under the project of "Construction of Housing for Relocation of Underserved Settlements in the City of Colombo, Sri Lanka".

Contract No. : RUSP/02/CON/02/2011

Contract Period : 13.06.2016 to 13.06.2016 (36 months)

Contract Value : USD 31,842,000

Employer : Urban Development Authority, Sri Lanka



IV R C L Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016
(All amounts are expressed in Sri Lanka Rupees unless otherwise stated)

2.19 Commitments (Cont..)

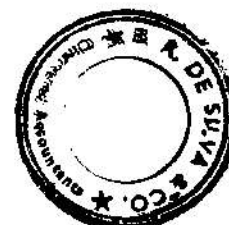
a) Capital Commitments (Cont...)

Contract Name	:	Supply of Special Tunnel Formwork 4 Qtr Sets of form floor & full floor scaffolding (each set 1264.62 SQM) as per Inv. No.139734, Dt.31.03.2013.
Purchase Order No.	:	HO/HYD/SL/001/12-13, Dt. 11.04.2012
Order Value	:	USD 1,609,171.20
Outstanding Value	:	LKR. 17,044,553.83
Supplier	:	Neru Insaat TIC Ve San Ltd STI Konya Yolu 26, K.M., Golbasi / Ankara P.K.4406830, Turkiye.
Pending Commitment:	:	10% due against performance and is payable as per the Terms of the Contract.

b) Financial Commitments

- I. As per contract terms (Contract Data 4.2) a performance bond of 5% of contact value has been provided for covering period of construction & defect liability for each land parcel separately.

Performance Bond No :	43502110001866
Value :	USD 4,458,750
Valid period :	Period of construction + 12 Months
Banker :	Peoples' Bank, Sri Lanka



I V R C L Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

*(All amounts are expressed in Sri Lanka Rupees unless otherwise stated)***2.20 Contingent Liabilities**

Bank Guarantee issued by bank on behalf of the Company USD 4,458,750.

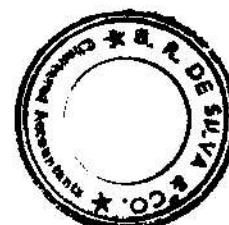
2.21 Events Occurring after the Balance Sheet Date

There are no material events which occurred after the Balance Sheet date that require adjustment to or disclosure in the Financial Statements other than those disclosed below.

The company has signed an agreement with the Urban Development Authority on the 13th June 2016 to obtain banking facilities from the People's Bank. A summary of the agreements relating to bank facilities is given below.

Facility 01

Amount	:	Rs. 900 Mn or USD Equivalents
Purpose	:	Working Capital against certified bills by UDA after deduction of 5% towards the settlement of facility No. 02
Interest Rate	:	4.5% p.a above the fixed deposit rate on LKR loans granted against LKR deposit and will be collected up front or USD - 06 months LIBOR+5.5% on USD loans & will be collected up front.
Tenor	:	Maximum 270 Days.
Repayment	:	Each loan should be settled upon receipt of the respective payment within 270 days from grant. If the face value of bills are not settled on maturity the amount due will be deducted from the deposit held as security at the sole desecration of the bank.
Security	:	Corporate Guarantee from UDA. Lien over a deposit of UDA for Rs. 1,200 Mn or USD Equivalent. Letter of Set off.



I V R C L Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016
(All amounts are expressed in Sri Lanka Rupees unless otherwise stated)

2.21 Events Occurring after the Balance Sheet Date (Cont...)

Facility 02

- Amount : Rs. 200 Mn or USD Equivalent.
- Purpose : Mobilization Advance
- Interest Rate : 4.5% p.a above the fixed deposit rate on LKR loans granted against LKR deposit or USD 06 Months LIBOR+5.5% on USD loans.
- Tenor : To be settled within 27 months from the date of granted & interest to be serviced monthly by the borrower.
- Repayment : On each bill discounted under facility (1) above, at least 5% of each bill value will be made towards reduction of capital outstanding of facility 2.0, if any balance outstanding should be paid with the final bill discounted or borrower's own fund.
- Security : Corporate Guarantee from UDA.
- Lien over a deposit of UDA for Rs. 400 Mn or USD Equivalent.
- Letter of Set off.

