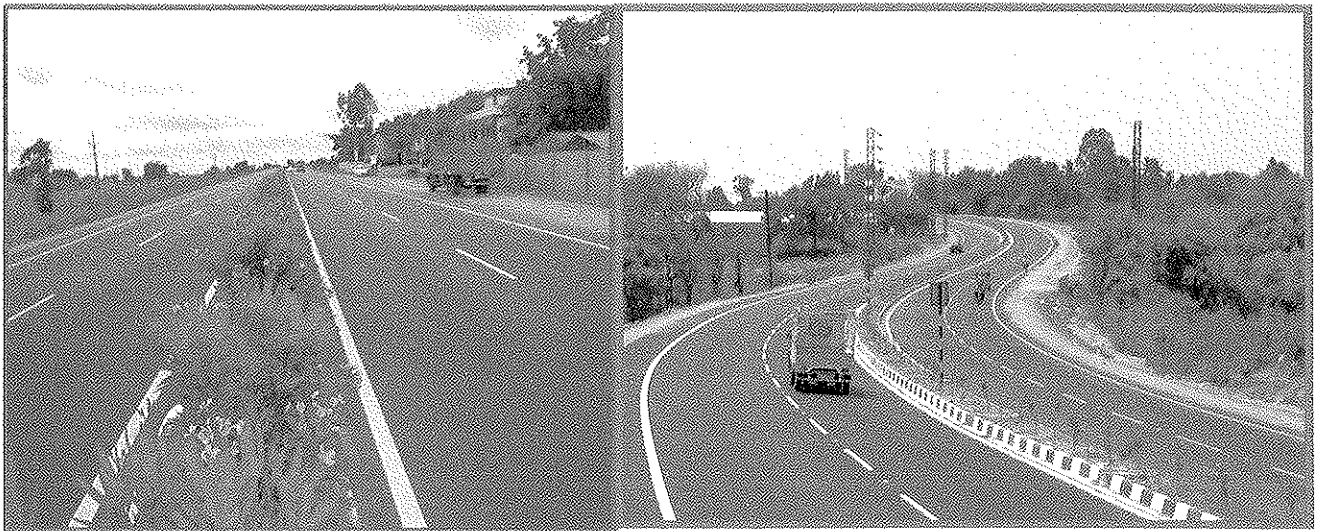


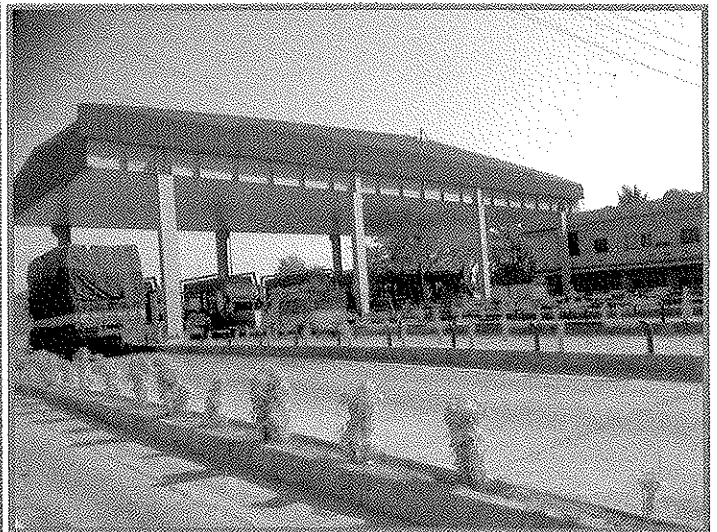
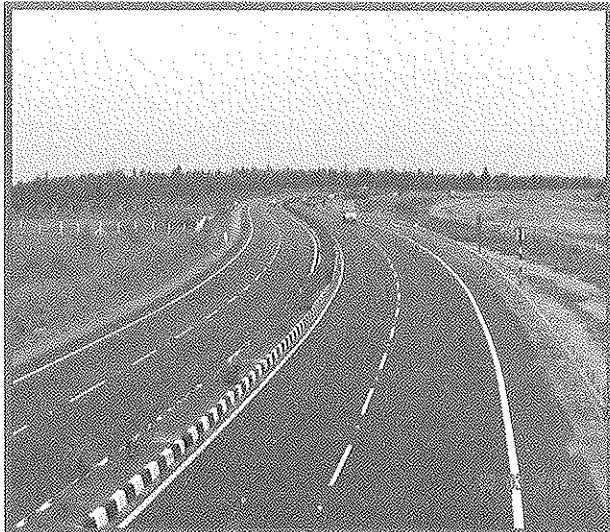


## HKR ROADWAYS LIMITED

8<sup>TH</sup> ANNUAL REPORT 2017-18



**STATE HIGHWAY (SH) – 1 :: HYDERABAD – KARIMNAGAR – RAMAGUNDAM**



**"Infrastructure is the life line of an economy and we add our bit to it"**

**CORPORATE INFORMATION****BOARD OF DIRECTORS**

<b>Mr. T.V. Sandeep Kumar Reddy</b>	<b>Director</b>
<b>Mr. P.V. Krishna Reddy</b>	<b>Director</b>
<b>Mr. C. Peda Subbaiah</b>	<b>Director</b>
<b>Mr. K. Nageshwara Rao</b>	<b>Director</b>
<b>Mr. Prem Kumar Pandey</b>	<b>Director</b>
<b>Mr. G. Jagannadha Rao</b>	<b>Independent Director</b>
<b>Mr. M.V. Narasimha Rao</b>	<b>Independent Director</b>

**AUDIT COMMITTEE**

<b>Mr. M.V. Narasimha Rao</b>	<b>Chairman</b>
<b>Mr. G. Jagannadha Rao</b>	<b>Member</b>
<b>Mr. T.V. Sandeep Kumar Reddy</b>	<b>Member</b>

**NOMINATION AND REMUNERATION COMMITTEE**

<b>Mr. M.V. Narasimha Rao</b>	<b>Chairman</b>
<b>Mr. G. Jagannadha Rao</b>	<b>Member</b>
<b>Mr. T.V. Sandeep Kumar Reddy</b>	<b>Member</b>

**REGISTERED & CORPORATE OFFICE**

6-3-1090, B-1,  
T.S.R Towers, Rajbhavan Road  
Somajiguda, Hyderabad – 500 082,  
Telangana.  
Tel: +91-40-23310330, 23314284  
Fax: +91-40-23398435  
Corporate Identification No. U45203TG2010PLC069897

**AUDITORS**

M/s. Gianender & Associates  
Chartered Accountants  
Plot No.21, Site No.6, Geeta Mandir Marg,  
New Rajinder Nagar,  
New Delhi – 110 060

**REGISTRAR AND TRANSFER AGENT**

**BIGSHARE SERVICES PRIVATE LIMITED**  
Branch Office: 306, Right Wing, Amrutha Ville,  
Opp, Yasodha Hospital, Rajbhavan Road,  
Somajiguda, Hyderabad - 500082,  
Telangana.  
E Mail: [bsshyd@bigshareonline.com](mailto:bsshyd@bigshareonline.com),  
Tel: 040- 2337 4967

**PROJECT LENDERS**

Canara Bank  
Oriental Bank of Commerce  
Corporation Bank  
Indian Overseas Bank  
India Infrastructure Finance Company Ltd. (IIFCL)  
Andhra Bank  
Indian Bank  
United Bank of India  
Dena Bank

**CONCESSIONING AUTHORITY**

**ROADS AND BUILDINGS DEPARTMENT,  
GOVT. OF TELANGANA  
Q.C. Building, Erramanzil,  
Hyderabad - 500082,  
Telangana.**

## BOARDS' REPORT

To,  
The Members,

Your Directors have immense pleasure in presenting the 8<sup>th</sup> Annual Report of your Company and the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2018.

### 1. PROJECT DETAILS

Your Company is a Special Purpose Vehicle incorporated for the purpose of **four-Laning of Hyderabad – Karimnagar – Ramagundam Road (SH-1) from Km 28.200 to 235.058 (Approx 206.858 Km) in the state of Andhra Pradesh (Now Telangana) under Public Private Partnership to be executed as BOT (Toll) Pattern.**

The above said contract was awarded to the Company under international competitive bidding by Andhra Pradesh Road Development Corporation (APRDC) (Now Chief Engineer, R&B, PPP Cell, Govt. of Telangana).

Accordingly, your Company entered into a Concession Agreement with APRDC on 20<sup>th</sup> August 2010. The concession period of the project is 25 years, out of which 2.50 years is the construction period and 22.50 years is the Operations & Maintenance period.

### 2. CAPITAL & FINANCE

The Total Project Cost of Rs. 2,209 Crores is financed by both Equity and Debt. The Equity constitutes 31% of the Total Project Cost and the Debt constitutes 69%. The details of financial arrangement for the project are depicted below:

S. No.	Particulars	Amount (Rs. in Crore)
1	Promoters' Equity/Quasi-equity	230.00
2	Grant	454.00
	<b>Total Equity / Quasi-equity</b>	<b>684.00</b>
3	Term Loan from Lenders	
	a. Canara Bank (Lenders' Agent)	300.00
	b. Oriental Bank of Commerce	200.00
	c. Corporation Bank	200.00
	d. Indian Overseas Bank	200.00
	e. IIFCL	181.00
	f. Andhra Bank	144.00
	g. Indian Bank	100.00
	h. United Bank of India	100.00
	i. De-va Bank	100.00
		1525.00
4	<b>TOTAL</b>	<b>2209.00</b>

### 3. FINANCIAL SUMMARY

The following table shows the Financial Summary of the Company for the year ended 31<sup>st</sup> March 2018:

S. No.	Particulars	For the year ended 31.03.2018 (Rs.)	For the year ended 31.03.2017 (Rs.)
1)	INCOME		
	Income from Operations	2,09,14,33,091	1,18,72,93,263
	Other Income	3,10,334	96,030
	Finance Income	1,66,86,757	6,27,18,488
	<b>TOTAL</b>	<b>2,10,84,30,182</b>	<b>1,25,01,07,781</b>
2)	EXPENDITURE		
	Employee Benefits Expense	77,19,329	58,53,829
	Depreciation & Amortization expense	41,17,88,562	13,60,65,266
	Finance Costs	1,66,95,15,733	1,71,72,42,066
	Other Expenses	74,26,54,972	15,85,01,562
	<b>TOTAL</b>	<b>2,83,16,78,596</b>	<b>2,01,76,62,723</b>
3)	PROFIT / (LOSS) BEFORE TAX	(72,32,48,414)	(76,75,54,942)
	Provision for Taxation: - Current Tax		
4)	PROFIT / (LOSS) AFTER TAX	<b>(74,06,93,646)</b>	<b>(76,74,78,383)</b>
	Other comprehensive income	75,673	(76,559)
5)	<b>Total comprehensive income for the period</b>	<b>(72,33,24,087)</b>	<b>(76,74,78,383)</b>
	Earning (Loss) per Share – Basic & Diluted	(155.80)	(165.32)

### 4. THE YEAR IN RETROSPECT

#### a. PROVISIONAL COMPLETION CERTIFICATE AND TOLL COLLECTION:

The members are already aware that the Company has achieved the Provisional Completion Certificate and has commenced toll collection from the public, effective from 1<sup>st</sup> June 2014. Out of the total project stretch of around 207 kms, your Company has completed 195.048 kms up to 31<sup>st</sup> May 2016 and the pending works are carried out on the balance stretch of the Road. As the revision of Toll Rates is due every two years as per the Concession Agreement; the Toll Rates are revised w.e.f. 1<sup>st</sup> June 2016. The next revision of toll rates is due on 1<sup>st</sup> June 2018.

The Toll rates being collected from the public are as per the following table, which is in accordance with the approval letter issued by the Roads & Buildings Department, Government of Telangana (hitherto Andhra Pradesh).

All amounts are in Rupees.

Toll Plaza – 1:

Car	Rates applicable up to 31 <sup>st</sup> May 2014			Rates applicable w.e.f. 1 <sup>st</sup> June 2016		
	Single Trip	Daily Pass	Monthly Pass	Single Trip	Daily Pass	Monthly Pass
LCV	52	78	1560	51	77	1530
Truck/Bus	103	155	3090	102	153	3060
MAV/HCV	206	309	6180	203	305	6090

Toll Plaza – 2:

Car	Rates applicable up to 31 <sup>st</sup> May 2014			Rates applicable w.e.f. 1 <sup>st</sup> June 2016		
	Single Trip	Daily Pass	Monthly Pass	Single Trip	Daily Pass	Monthly Pass
LCV	51	77	1530	50	75	1500
Truck/Bus	102	153	3060	101	152	3030
MAV/HCV	204	306	6120	201	302	6030

Toll Plaza – 3:

Car	Rates applicable up to 31 <sup>st</sup> May 2014			Rates applicable w.e.f. 1 <sup>st</sup> June 2016		
	Single Trip	Daily Pass	Monthly Pass	Single Trip	Daily Pass	Monthly Pass
LCV	46	69	1380	49	74	1470
Truck/Bus	92	138	2760	98	147	2940
MAV/HCV	185	277	5550	197	296	5910

The Toll Collections for the Financial Year 2017-18 vis-à-vis 2016-17 is tabulated below:

S. No.	Particulars	Toll Collections (01.04.2017 to 31.03.2018) (Rs. in Cr)	Toll Collections (01.04.2016 to 31.03.2017) (Rs. in Cr)
1	Toll Plaza-1	68.09	48.33
2	Toll Plaza-2	53.94	36.60
3	Toll Plaza-3	36.70	29.15
	<b>Total</b>	<b>158.73</b>	<b>114.08</b>

The Toll Collection has been increased during the 2<sup>nd</sup> half of the Financial Year 2016-17. During the financial year 2017-18, the Toll Collection was improved significantly due to increase in sand mining activities and the daily average collections were Rs. 43.48 lacs. However, the toll collection during the year was less than the original projections made for the project.

The major impediments in toll collection during the year were the following:

- Decline in sand mining (granite and sand) across the Project Highway stretch, which has significantly reduced the heavy vehicles plying on the Project Highway.
- Decline in construction activities in Hyderabad, which has significantly reduced the movement of heavy vehicles into Hyderabad.
- Overall sluggishness in the economy.
- Suspension of Toll Collections due to demonetization of Rs. 500 and Rs. 1000 currencies.

#### **b. EPC WORKS**

During the year, the EPC Cost incurred upto 31<sup>st</sup> March 2018, vis-à-vis the Total EPC Cost, is tabulated herein below:

**Rs. in Crores**

S. No.	Particulars	Total EPC Cost (Rs. in Cr)
1	Total EPC Cost	1,750.00
2	EPC Cost upto 31 <sup>st</sup> March 2018	1,623.87
3	<b>Balance EPC Cost</b>	<b>126.13</b>

#### **c. O&M Works**

The Company has been closely monitoring the O&M works required to be done in accordance with the Concession Agreement. As part of the O&M works, the following have been provided:

- Patrolling Vehicle with revolving lights round the clock.
- Ambulance round the clock with an on-duty doctor to provide first aid.
- Towing crane for break-down vehicles and vehicles that have met with an accident.
- Sign Boards/Gantries at several junctions.
- Removal of dead animals on the Project Highway.
- Cleaning/sweeping of the main carriageway.
- Median plantation and watering.

The Concessioneing Authority has found the work of the Company satisfactory.

#### **d. GRANT**

The details of Grant received by your Company upto 31<sup>st</sup> March 2018 are tabulated below:

**Rs. in Crores**

S. No.	Particulars	Central Govt. Share	State Govt. Share	Total
1	Grant as per Concession Agreement	271.64	182.36	454.00
2	Grant received upto 31 <sup>st</sup> March 2017	261.62	175.63	437.25
3	<b>Balance Grant</b>	<b>10.02</b>	<b>6.73</b>	<b>16.75</b>

**e. TERM LOANS:**

The following table shows the Term Loan outstanding as on 31<sup>st</sup> March 2018:

Rs. in Crores

S. No.	Name of the Lender	Term Loan Committed	Disbursement received	Balance Term Loan to be disbursed	Repayment	Term Loan Outstanding	Interest Outstanding
1	Canara Bank	300.00	288.93	11.07	14.25	274.68	8.06
2	Oriental Bank of Commerce	200.00	192.62	7.38	9.50	183.12	5.13
3	Corporation Bank	200.00	192.62	7.38	9.50	183.12	5.40
4	Indian Overseas Bank	200.00	192.62	7.38	9.50	183.12	5.14
5	IIFCL	181.00	174.32	6.68	8.60	165.72	4.96
6	Andhra Bank	144.00	138.68	5.32	6.84	131.84	3.84
7	Indian Bank	100.00	96.33	3.67	4.75	91.58	2.56
8	United Bank of India	100.00	96.33	3.67	4.75	91.58	2.68
9	Dena Bank	100.00	96.33	3.67	4.75	91.58	2.70
	<b>Total</b>	<b>1525.00</b>	<b>1468.78</b>	<b>56.22</b>	<b>72.44</b>	<b>1396.34</b>	<b>40.47</b>

Your Company has remitted Term Loan Installment and Interest on Term Loans up to 31<sup>st</sup> December 2017. The 12<sup>th</sup> term loan installments due on 31<sup>st</sup> March 2018 and interest on term loan from January 2018 to March 2018 is due to the lenders. The lenders have placed the account on SMA-2 category.

**5. FUTURE OUTLOOK**

As the Toll Collections during the last three years are far below than the Estimated Toll Revenue, your Company could not pay Term Loan Interest and Installments in time. During the year, your company has utilised DSRA reserve of Rs. 51.52 Crore during the year to pay term loan interest and installments with the consent of the Lenders. However, as on 31<sup>st</sup> March 2018, interest on term loan of Rs. 40.47 cr pertains to the month of January 2017 to March 2017. To overcome this situation, your company has submitted the proposals for implementation of S4A scheme to the Overseas Committee. The same was approved by the O.C. on 8<sup>th</sup> February 2018. However, Reserve Bank of India has repealed all the schemes including S4A scheme vide their circular dated 12<sup>th</sup> February 2018. Now, your company is discussing with lenders for restructure of loan as per the above said RBI circular.

**6. EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return is prepared in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 and the same is enclosed as **Annexure – 1** to this Report.

**7. BOARD MEETINGS**

During the year ended 31<sup>st</sup> March, 2018, Four Board Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The dates on which the Board meetings were held are 23<sup>rd</sup> May, 2017, 19<sup>th</sup> September, 2017, 28<sup>th</sup> November, 2017 and 20<sup>th</sup> March, 2018.



**Attendance of Directors at the meetings:**

The details of the attendance of the Directors at the Board meetings held during the year ended 31<sup>st</sup> March, 2018.

Name of the Director	Number of Board Meetings	
	Held	Attended
T.V. Sandeep Kumar Reddy	4	4
P.V. Krishna Reddy	4	3
C. Peda Subbaiah	4	4
Bajrang Lal Gupta	1	1
M.V Narasimha Rao	4	3
G. Jagannadha Rao	2	1

**Audit Committee Meetings**

During the year ended 31<sup>st</sup> March, 2018, one Audit Committee Meeting was convened and held. The date on which the Audit Committee meeting was held on 23<sup>rd</sup> May, 2017.

**Attendance of Directors at the meetings:**

The details of the attendance of the Directors at the Audit Committee meetings held during the year ended 31<sup>st</sup> March, 2018.

Name of the Director	Number of Audit Committee Meetings	
	Held	Attended
M.V Narasimha Rao	1	0
Bajrang Lal Gupta	1	1
T.V. Sandeep Kumar Reddy	1	1

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- that in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that such accounting policies and applied them consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2018 and of the profit of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual financial statements have been prepared on a going concern basis;
- that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**9. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mr. Sharat Goyal has resigned as Director of the Company with effect from 15<sup>th</sup> May, 2017.

Mr. Bajrang Lal Gupta has resigned as Director of the Company in the category of Independent Director with effect from 5<sup>th</sup> June, 2017.

Mr. G. Jagannadha Rao was appointed as an Additional Director of the Company in the category of Independent Director with effect from 19<sup>th</sup> September, 2017.

Mr. K. Nageshwar Rao and Mr. Prem Kumar Pandey were appointed as an Additional Director of the Company in the category of Independent Director with effect from 21<sup>st</sup> May, 2018.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

**10. DECLARATION BY INDEPENDENT DIRECTORS**

The independent directors have submitted the declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section(6).

**11. RE-APPOINTMENTS**

Mr. T.V. Sandeep Kumar Reddy, Director of the Company is retiring by rotation and being eligible, offers himself for re-appointment.

**12. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

The Nomination and Remuneration (N&R) Committee discusses and decides the appointment of the Board of Directors and their remuneration.

The Committee is headed by Mr. M.V. Narasimha Rao as a Chairman and Mr. T.V. Sandeep Kumar Reddy and Mr. G. Jagannadha Rao as members of the Committee.

The Committee meetings are held as and when required by the Company.

**13. AUDITOR'S REPORT**

There are no qualifications in the Auditors Report.

**14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements to the extent applicable.

**15. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The particulars of contracts or arrangements with related parties referred to in Section 188 in Form AOC – 2 is annexed herewith as **Annexure-2**.

**16. TRANSFER OF AMOUNT TO RESERVES**

The Company does not propose to transfer any amount to the general reserve for the Financial Year ended 31<sup>st</sup> March 2018.

**17. DIVIDEND**

The Board of Directors does not recommend any dividend on the Equity Shares for the financial year ended 31<sup>st</sup> March, 2018.

**18. MATERIAL CHANGES AND COMMITMENTS**

There has been no material change and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

There has been no change in the nature of business of the Company.

**19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information relating to Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014 is Nil.

**20. STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY**

As already mentioned herein above, your Company has started collecting toll from the public with effect from 01<sup>st</sup> June, 2014. The Toll Collection is the major source of revenue for your Company, which would, even in future, account for approximately 98% of the total income. In this context, it is imperative that there is a risk management policy in place, to control revenue leakages in the respective Toll Plazas.

Your Company has ensured that proper systems are planned, implemented and effectively monitored to ensure zero leakages in toll revenue at all the 3 Toll Plazas. Apart from appointing reputed agencies for Toll Collection and Incident Management, your Company has deployed sufficient resources at the Toll Plazas to monitor their work on daily basis. Daily security checks of toll collectors, surprise cash counting and an effective software management for toll collection form part of the risk management policies that your Company has implemented. Further, the classification of vehicles for toll collection is monitored by validators. Exemptions from toll collections are approved by the project in-charge at the toll plaza and monitored by the PMC team on daily basis.

**21. POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON CORPORATE SOCIAL RESPONSIBILITY INITIATIVES TAKEN DURING THE YEAR**

The policy developed and implemented by the Company on Corporate Social Responsibility initiatives taken during the year is Nil as the relevant provisions of the Companies Act, 2013 in this regard are not applicable to the Company.

**22. BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees.

**23. SUBSIDIARY COMPANIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATE COMPANIES**

During the financial year ending 31<sup>st</sup> March, 2018 your Company had no subsidiaries or associate Companies.

**The names of companies which have become or ceased to be Company's Subsidiaries, joint ventures or associate companies during the year**

During the Financial Year, no company is ceased to be the Company's Subsidiary, joint venture or associate company.

**24. CONSOLIDATED FINANCIAL STATEMENTS**

As the Company does not have any subsidiary or associate companies, the Consolidated Financial Statements are not applicable.

**25. STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ ASSOCIATE COMPANIES/ JOINT VENTURES**

As the Company does not have any subsidiary or associate companies, the statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures is not applicable.

**26. DEPOSITS**

The Company has not accepted any deposits from the public in terms of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

**27. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

**28. STATUTORY AUDITORS**

At the Annual General Meeting held on 26<sup>th</sup> August, 2015, M/s. Gianender & Associates, Chartered Accountants, New Delhi bearing ICAI Regd.No.004661N, were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2020. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting.

Accordingly, the appointment of M/s. Gianender & Associates, Chartered Accountants, New Delhi bearing ICAI Regd.No.004661N, as statutory auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

**29. PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is Nil.

**30. VIGIL MECHANISM**

The Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. The details of the Vigil Mechanism Policy are available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company.

**31. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

Your Company has ensured that appropriate policies and procedures are adopted for ensuring orderly and efficient conduct of the business, including adherence to Company's policies, the safeguarding of its assets, prevention and detection of fraud and error, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information.

**32. HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

Your Company lays emphasis on competence and commitment of its human capital recognizing its pivotal role for organizational growth.

During the year, the Company maintained a record of peaceful employee relations. Your Directors wish to place on record their appreciation for the commitment shown by the employees throughout the year.

**33. ACKNOWLEDGEMENTS**

Your Directors express their appreciation to the Company's Bankers, Statutory Auditors, Customers, Consultants and Members for their constant help, co-operation and support.

**For and on behalf of the Board**

Place: **Hyderabad**

Date: **21<sup>st</sup> May, 2018**



**P.V. KRISHNA REDDY**

**DIRECTOR**

**DIN: 01815061**



**T.V. SANDEEP KUMAR RREDY**

**DIRECTOR**

**DIN: 00005573**

## Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended 31.03.2018  
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

<b>I. REGISTRATION AND OTHER DETAILS:</b>	
CIN	U45203TG2010PLC069897
Registration Date	9 <sup>th</sup> August, 2010
Name of the Company	HKR ROADWAYS LIMITED
Category / Sub-Category of the Company	Company Limited by Shares/ Indian Non Government Company
Address of the Registered Office and contact details	6-3-1090, B-1, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad - 500082, Telangana. E Mail: <a href="mailto:rajkumar@givl.co.in">rajkumar@givl.co.in</a> , Tel: 040-23310330
Whether listed company	Unlisted
Name, address and contact details of Registrar and Transfer Agent, if any	M/s. BIGSHARE SERVICES PVT. LTD. Branch Office: 306, Right Wing, Amrutha Ville, Opp, Yasodha Hospital, Rajbhavan Road, Somajiguda, Hyderabad - 500082, Telangana. E Mail: <a href="mailto:bsshyd@bigshareonline.com">bsshyd@bigshareonline.com</a> , Tel: 040- 2337 4967

<b>II. Principal Business Activities of the Company</b>			
All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:			
Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Construction of Roads	42101	100%

<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -</b>					
Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
NIL					





c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2):</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>34,35,289</b>	<b>12,07,000</b>	<b>46,42,289</b>	<b>100</b>	<b>34,35,289</b>	<b>12,07,000</b>	<b>46,42,289</b>	<b>100</b>	<b>-</b>

## ii) Shareholding of Promoters

S. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Gayatri Projects Limited	12,06,995	26.00	25.42	0	0	-	-
2	DLF	12,06,995	26.00	-	12,06,995	26.00	-	-
3	Gayatri Infra Ventures Limited	5,10,647	10.99	0.17	0	0	-	-
4	Gayatri Highways Limited	0	0	0	17,17,642	37.00	25.59	
5	Mr. T. V. Sandeep Kumar Reddy (Nominee of M/s. Gayatri Projects Limited)	1	0.00	-	1	0.0001	-	-
6	Mr. M.V. Narasimha Rao (Nominee of Gayatri Projects Limited)	1	0.00	-	1	0.0001	-	-
7	Mr. K. G. Naidu (Nominee of Gayatri Projects Limited)	1	0.00	-	1	0.0001	-	-
8	Mr. G. N. Mallikarjuna Rao (Nominee of Gayatri)	1	0.00	-	1	0.0001	-	-

	Projects Limited)							
9	Mr. K. Venkata Mohan (Nominee of Gayatri Projects Limited)	1	0.00	-	1	0.0001	-	-
10	Megha Engineering & Infrastructures Ltd	17,17,647	37.00	25.41	17,17,647	37.00	25.41	
<b>Total</b>		<b>46,42,289</b>	<b>100</b>	<b>51</b>	<b>46,42,289</b>	<b>100</b>	<b>51</b>	<b>-</b>

\*As per the NCLT order dated 3<sup>rd</sup> November, 2017 of Composite Scheme of Arrangement between Gayatri Projects Ltd, Gayatri Infra Ventures Ltd and Gayatri Highways Ltd (Formerly Gayatri Domicile Pvt. Ltd), all the investments held by Gayatri Infra Ventures Ltd and Gayatri Projects Limited has been transferred to Gayatri Highways Ltd.

**iii) Change in Promoters' Shareholding (Please specify, if there is no change)**

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	46,42,289	100	-	-
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		-	-	-
	At the end of the year	46,42,289	100	-	-

**iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer	-	-	-	-

	/ bonus / sweat equity etc):				
	At the End of the year ( or on the date of separation, if separated during the year)	-	-	-	-

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	13,92,52,55,000	2,25,35,77,110		16,17,88,32,110
ii) Interest due but not paid	39,43,50,649			39,43,50,649
iii) Interest accrued but not due	-	-		-

<b>Total (i+ii+iii)</b>	<b>14,31,96,05,649</b>	<b>2,25,35,77,110</b>		<b>16,57,31,82,759</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-			-
Reduction	40,90,22,671	-		40,90,22,671
<b>Net Change</b>	<b>(40,90,22,671)</b>	<b>-</b>		<b>(40,90,22,671)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	13,50,58,80,000	2,25,35,77,110		15,75,94,57,110
ii) Interest due but not paid	40,47,02,978			40,47,02,978
iii) Interest accrued but not due	-	-		-
<b>Total (i+ii+iii)</b>	<b>13,91,05,82,978</b>	<b>2,25,35,77,110</b>		<b>16,16,41,60,088</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	as % of profit	-	-	-
	others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	-	-	-

**B. Remuneration to other directors:****1. Independent Directors**

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. G. Jagannadha Rao	Mr. B.L. Gupta	Mr. M.V. Narasimha Rao	
					-
	-Fee for attending Board/Committee Meetings	5,000	10,000	15,000	30,000
	-Commission				
	- Others, please specify				
	<b>Total (B)(1)</b>	<b>5,000</b>	<b>10,000</b>	<b>15,000</b>	<b>30,000</b>

**2. Other Non Executive Directors**

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
	-Fee for attending Board/Committee Meetings	-	-	-	-
	-Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	<b>Total (B)(2)</b>	-	-	-	-
	<b>Total (B)= (B)(1)+ (B)(2)</b>	<b>5,000</b>	<b>10,000</b>	<b>15,000</b>	<b>30,000</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	<b>Gross salary</b>	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-


<b>Total</b>	-	-	-	-
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**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: -N.A.-**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Place: **Hyderabad**  
Date: **21<sup>st</sup> May, 2018**

  
**P.V. KRISHNA REDDY**  
**DIRECTOR**  
**DIN: 01815061**

  
**T.V. SANDEEP KUMAR REDDY**  
**DIRECTOR**  
**DIN: 00005573**

## Form No. AOC-2

(Pursuant to *clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014*)

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis**

(a) Name(s) of the related party and nature of relationship	<b>Nil</b>
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Justification for entering into such contracts or arrangements or transactions	
(f) date(s) of approval by the Board	
(g) Amount paid as advances, if any:	
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

**2. Details of material contracts or arrangement or transactions at arm's length basis**

(a) Name(s) of the related party and nature of relationship	During the year, no material contracts or arrangements have been entered into by the Company.
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e) Date(s) of approval by the Board, if any:	
(f) Amount paid as advances, if any:	

**For and on behalf of the Board**

Place: **Hyderabad**

Date: **21<sup>st</sup> May, 2018**

  
**P.V. KRISHNA REDDY**

**DIRECTOR**

**DIN: 01815061**

  
**T.V. SANDEEP KUMAR REDDY**

**DIRECTOR**

**DIN: 00005573**



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF HKR ROADWAYS LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **HKR ROADWAYS LIMITED** ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity 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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone financial statements based on our audit. In conducting 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 and the Order issued under section 143(11) of the Act

We conducted our audit of the standalone financial statements 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

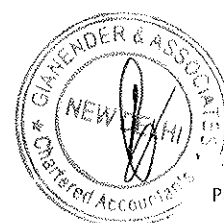
### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2018, and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.;
- (d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us :




- i. The company has no pending litigation which would impact its financial position except those disclosed in financial statements;
  - ii. The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses;
  - iii. There were no amounts which were required by the company to be transferred to the Investor Education and Protection Fund, and;
2. As required by Section 143(3) of the Act, based on our audit we report that:

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure B, a statement on the matters specified in the paragraph 3 and 4 of the Order.

For Gianender & Associates  
Chartered Accountants  
(Firm's Registration No. 004661N)



  
Jeetender Kumar Gupta  
(Partner)  
(M No. 092547)

Place: New Delhi  
Date: 21.05.2018

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **HKR Roadways Limited** of even date)

### **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 **HKR Roadways Limited** ("the Company") as of March 31, 2018 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 Companies Act, 2013.

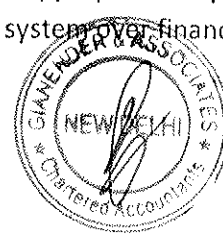
#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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, 2018, 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 Gianender & Associates  
Chartered Accountants  
(Firm's Registration No. 004661N)



  
Jeetender Kumar Gupta  
(Partner)  
(M No. 092547)

Place: New Delhi  
Date :21.05.2018

**Annexure 'B' to the Independent Auditor's Report of HKR Roadways Limited for the Year ended as on 31<sup>st</sup> March 2018**

**Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-**

- i.
  - a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b) The Fixed Assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification
  - c) The company has no immovable property hence paragraph 3(i)(c) of the Order is not applicable to the company.
- ii. As the company is engaged in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.
- iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.
- v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.
- vi. The Company is prima-facie maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- vii.
  - a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. As on 31<sup>st</sup> March 2018, there are no undisputed statutory dues payable for period exceeding for a period more than six month from the date they become payable.
  - b) According to the information and explanations given to us, there were no statutory dues pending in respect of income tax, sales tax, VAT, custom duty and cess etc. on account of any dispute as at March 31,2018.
- viii. The company has taken term loans from various banks and a financial institution. During the year, the company has not defaulted in repayment of loans or borrowing to a banks and financial institution .The company has not taken any loans or borrowings from Government and has not issued any debentures during the year.
- ix. Money raised by way of term loans were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer.
- x. According to the information and explanation given to us by the management which have been




relied by us, there were no frauds on or by the company noticed or reported during the period under audit.

- xi. The company has not paid managerial remuneration, hence paragraph 3(xi) of the order is not applicable to the company.
- xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable to the company.
- xiii. In our opinion and according to the information provided to us, the transaction entered with the related parties are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, therefore para 3(xiv) of the order is not applicable to the company.
- xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.
- xvi. According to the information provided to us, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

For Gianender & Associates  
Chartered Accountants  
(Firm's Registration No. 004661N)



  
Jeetender Kumar Gupta  
(Partner)  
(M No. 092547)

Place: New Delhi  
Date:21.05.2018

**HKR Roadways Limited**  
**Balance sheet as on 31 March 2018**  
(All amounts in ₹ unless otherwise stated)

	Notes	As at	
		31 March 2018	31 March 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,05,58,081	70,10,463
Intangible assets	4	13,70,98,81,820	14,12,01,29,049
Intangible assets under development	4	70,64,55,972	20,22,98,354
Other non-current assets	5	16,09,54,136	23,16,81,786
		<b>14,58,78,50,009</b>	<b>14,56,11,19,652</b>
<b>Current assets</b>			
Financial Assets			
- Cash and cash equivalents	6	71,49,871	5,81,72,084
- Bank Balance other than above	6	-	51,52,06,914
- Other Financial Assets	7	6,31,816	3,05,58,911
Other current assets	8	74,12,811	53,01,173
		<b>1,51,94,498</b>	<b>60,92,39,082</b>
<b>Total assets</b>		<b>14,60,30,44,507</b>	<b>15,17,03,58,734</b>
<b>Equity and liabilities</b>			
Equity share capital	9	4,64,22,890	4,64,22,890
Instrument entirely equity in nature	10	2,25,35,77,110	2,25,35,77,110
Other equity	10	(2,70,12,48,687)	(1,97,79,24,600)
<b>Total Equity</b>		<b>(40,12,48,687)</b>	<b>32,20,75,400</b>
<b>Non-current Liabilities</b>			
Financial liabilities			
- Borrowings	11	13,50,58,80,000	13,92,52,55,000
Long-term provisions	12	15,83,225	12,42,380
		<b>13,50,74,63,225</b>	<b>13,92,64,97,380</b>
<b>Current liabilities</b>			
Financial liabilities			
- Other financial liabilities	13	1,48,57,33,208	92,02,85,612
Provisions	12	66,171	29,898
Other current liabilities	14	1,10,30,590	14,70,444
		<b>1,49,68,29,969</b>	<b>92,17,85,954</b>
<b>Total equity and liabilities</b>		<b>14,60,30,44,507</b>	<b>15,17,03,58,734</b>

See accompanying Notes are an integral part of the Financial Statements

As per our report of even date attached

For GIANENDER & ASSOCIATES

Chartered Accountants

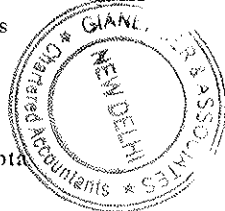
FRN: 004661N

Jeetender Kumar Gupta  
Partner

Membership No. 092547

Place: New Delhi

Date: 21.05.2018



For and on behalf of the Board

P.N. KRISHNA REDDY

Director

DIN: 01815061

Place: Hyderabad

Date: 21.05.2018

T.V. SANDEEP KUMAR REDDY

Director

DIN: 00005573

Place: Hyderabad

Date: 21.05.2018



**HKR Roadways Limited****Statement of Profit and Loss for the year ended 31 March 2018**

(All amounts in ₹ unless otherwise stated)

	Notes	For the year ended	
		31 March 2018	31 March 2017
Revenue from operations	15	2,09,14,33,091	1,18,72,93,263
Other income	16	3,10,334	96,030
Finance Income	17	1,66,86,757	6,27,18,488
<b>Total income</b>		<b>2,10,84,30,182</b>	<b>1,25,01,07,781</b>
<b>Expenses</b>			
Employee benefits expense	18	77,19,329	58,53,829
Depreciation and amortization expense	3&4	41,17,88,562	13,60,65,266
Finance costs	19	1,66,95,15,733	1,71,72,42,066
Other expenses	20	74,26,54,972	15,85,01,562
<b>Total expense</b>		<b>2,83,16,78,596</b>	<b>2,01,76,62,723</b>
<b>Loss before tax from continuing operations</b>		<b>(72,32,48,414)</b>	<b>(76,75,54,942)</b>
Current tax		-	-
<b>Profit/(Loss) for the year</b>		<b>(72,32,48,414)</b>	<b>(76,75,54,942)</b>
<b>Other comprehensive income</b>			
Re-measurement (loss)/gain on defined benefit plans		75,673	(76,559)
<b>Total comprehensive income for the period</b>		<b>(72,33,24,087)</b>	<b>(76,74,78,383)</b>
<b>Number of Equity Shares</b>		46,42,289	46,42,289
<b>Earnings per equity share (EPES)</b>			
Basic		(155.80)	(165.32)
Diluted		(155.80)	(165.32)

See accompanying Notes are an integral part of the Financial Statements

As per our report of even date attached

For GIANENDER &amp; ASSOCIATES

Chartered Accountants

FRN: 004666IN

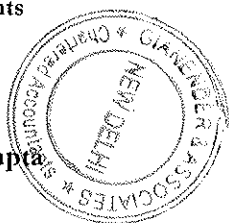
Jeetender Kumar Gupta

Partner

Membership No. 092547

Place: New Delhi

Date: 21.05.2018



For and on behalf of the Board

P.V. KRISHNA REDDY

Director

DIN: 01815061

Place: Hyderabad

Date: 21.05.2018

T.V. SANDEEP  
KUMAR REDDY

Director

DIN: 00005573

Place: Hyderabad

Date: 21.05.2018

HKR Roadways Limited  
Statement of Cash Flows for the year ended 31 March 2018  
(All amounts in ₹ unless otherwise stated)

	31 March 2018	31 March 2017
	INR	INR
<b>Operating activities</b>		
Profit/(loss) before tax	(72,33,24,087)	(76,74,78,383)
Depreciation on Fixed Assets	15,41,333	9,31,368
Amortisation of intangible assets	41,02,47,229	13,51,33,898
Finance income	(1,66,86,757)	(6,27,18,488)
Finance costs	1,66,95,15,733	1,71,72,42,066
<b>Working capital adjustments:</b>		
Movements in provisions, gratuity etc	3,77,118	99,665
Decrease in other current assets	6,86,16,012	4,42,53,886
Decrease in other financial assets	2,99,27,095	
Increase in trade and other payables	95,60,146	1,94,00,755
Increase in other financial liabilities	51,69,70,267	-
<b>Income tax paid</b>	-	(8,48,899)
<b>Net cash flows from/(used in) operating activities</b>	<b>1,96,67,44,089</b>	<b>1,08,60,15,868</b>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(50,88,951)	(12,78,782)
Additions to intangible assets	(50,41,57,618)	(4,65,34,183)
Interest received (finance income)	1,66,86,757	6,27,18,488
Investment/maturity in fixed deposits	51,52,06,914	-
Maturity of fixed deposits		42,23,50,192
Long term loans and advances	-	2,50,29,815
Short term loans and advances	-	18,95,959
<b>Net cash flows from/(used in) investing activities</b>	<b>2,26,47,102</b>	<b>46,41,81,489</b>
<b>Financing Activities</b>		
Interest paid	(1,65,91,63,404)	(1,32,28,91,417)
Proceeds/(Repayment) from/of borrowings	(38,12,50,000)	(19,06,25,000)
<b>Net cash flows from/(used in) financing activities</b>	<b>(2,04,04,13,404)</b>	<b>(1,51,35,16,417)</b>
Net increase in cash and cash equivalents	(5,10,22,213)	3,66,80,940
Cash and cash equivalents at the beginning of the year	5,81,72,084	2,14,91,144
<b>Cash and cash equivalents at year end</b>	<b>71,49,871</b>	<b>5,81,72,084</b>

As per our report of even date attached  
For GIANENDER & ASSOCIATES  
Chartered Accountants  
FRN: 004661N

Jectender Kumar Gupta

Partner  
Membership No. 092547

Place: New Delhi  
Date: 21.05.2018



For and on behalf of the Board

P.V. KRISHNA REDDY

Director  
DIN: 01815061

Place: Hyderabad  
Date: 21.05.2018

T.V. SANDEEP  
KUMAR REDDY

Director  
DIN: 00005573

Place: Hyderabad  
Date: 21.05.2018

**HKR Roadways Limited****Statement of Changes in Equity for the year ended 31 March 2018**

(All amounts in ₹ unless otherwise stated)


**(a) Equity share capital**

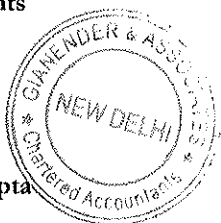
	Number	Amount
<b>Equity shares of ₹10 each issued, subscribed and fully paid</b>		
At 31 March 2017	46,42,289	4,64,22,890
At 31 March 2018	46,42,289	4,64,22,890

**(b) Other equity**


	Other Equity		Total
	Retained earnings	Security Premium Reserve	
Balance as of 1 April 2017	(1,97,79,24,600)	-	(1,97,79,24,600)
Profit for the period	(72,33,24,087)	-	(72,33,24,087)
Other comprehensive income	-	-	-
Balance as of 31 March 2018	(2,70,12,48,687)	-	(2,70,12,48,687)
Balance as of 1 April 2016	(1,21,04,46,217)	-	(1,21,04,46,217)
Profit for the period	(76,74,78,383)	-	(76,74,78,383)
Other comprehensive income	-	-	-
Balance as of 31 March 2017	(1,97,79,24,600)	-	(1,97,79,24,600)

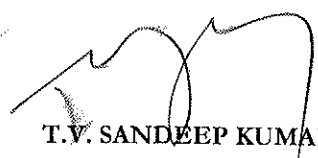
As per our report of even date attached  
For **GIANENDER & ASSOCIATES**  
Chartered Accountants  
FRN: 004661N

  
Jeetender Kumar Gupta  
Partner  
Membership No. 092547



For and on behalf of the Board

  
V.V. KRISHNA REDDY  
Director  
DIN: 01815061

  
T.V. SANDEEP KUMAR REDDY  
Director  
DIN: 00005573

Place: New Delhi  
Date: 21.05.2018

Place: Hyderabad  
Date: 21.05.2018

Place: Hyderabad  
Date: 21.05.2018

## HKR Roadways Limited

Notes to financial statements for the Year ended March 2018.

### 1. Corporate Information

M/s HKR Roadways Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is a Special Purpose Vehicle (SPV) incorporated on 9th August 2010 for the execution of the project "Design, Construction, Finance, Operation and Maintenance, Rehabilitation and Strengthening of existing 2-lane Road and widening to 4-lane Divided Highway of SH-1 in the state of Andhra Pradesh on Design, Build, Finance, Operate and Transfer "DBFOT" Pattern. The company has entered into a Concession Agreement with APRDC, which specified a two and half year of construction period and Twenty Two and a half year of Operation & Maintenance period. The Company achieved the Provisional Completion Certificate and has commenced the Toll Collection on 190 km. of the Project Highway w.e.f. 01 June 2014.

### 2. Significant Accounting Policies

#### 2.01 Basis of preparation

##### (a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

##### (b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

Items	Measurement basis
Certain Financial Assets and Liabilities	Fair Value
Net Defined Benefit (Asset)/Liability	Fair Value of Plan Assets (if any) less Present Value of Defined Benefit Obligations
Assets Held for Sale	Fair Value less Costs to Sell

##### (c) Use of Estimates and Judgments

The preparation of these Financial Statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of Assets, Liabilities (including contingent liabilities), Income and Expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of Property Plant and Equipment and Intangible Fixed Assets, allowance for doubtful



## **HKR Roadways Limited**

### **Notes to financial statements for the Year ended March 2018.**

debts/advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

#### **(d) Measurement of fair values**

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- **Level 2** inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- **Level 3** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### **2.02 Presentation of Financial Statements**

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 (“the Act”). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III.

#### **2.03 Revenue recognition**

- a) Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.



## HKR Roadways Limited

### Notes to financial statements for the Year ended March 2018.

- b) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection. Revenue from sale of smart cards is accounted on cash basis.
- c) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.
- d) Contract revenue for fixed price contracts is recognised only to the extent of cost incurred that it is probable will be recoverable till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.
- Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.
- For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.
- For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost. Expected loss, if any, on the construction activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.
- When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.
- e) Fair value gains on current investments carried at fair value are included in other income.
- f) Dividend income is recognised when the right to receive the same is established by the reporting date.
- g) Other items of income are recognised as and when the right to receive arises.



**HKR Roadways Limited**  
**Notes to financial statements for the Year ended March 2018.**

**2.04 Cash and bank balances**

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

**2.05 Cash flow statement**

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

- (a) transactions of a non-cash nature;
- (b) any deferrals or accruals of past or future operating cash receipts or payments and,
- (c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

**2.06 Current & Non Current classification :**

**Current Asset :**

An asset shall be classified as current when it satisfies any of the following criteria:

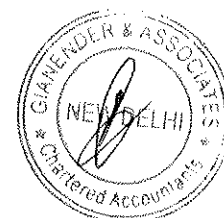
- (a) it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded.
- (c) It is expected to be realized within twelve months after the reporting date, or
- (d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets shall be classified as non-current.

**Current Liabilities:**

A liability shall be classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the reporting date : or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could at the option



## **HKR Roadways Limited**

### **Notes to financial statements for the Year ended March 2018.**

of the counterparty, result in its settlement by the issue of equity instruments do not effect its classification. All other liabilities shall be classified as non-current.

#### **2.07 Property, plant and equipment (PPE)**

Property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation on assets has been provided on Straight line basis at the useful lives specified in the Schedule II of the Companies Act, 2013. Depreciation on additions/ deductions is calculated pro- rata from/ to the month of additions/ deductions.

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

#### **2.08 Intangible assets**

##### **a) Rights under Service Concession Arrangements**

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.





## HKR Roadways Limited

### Notes to financial statements for the Year ended March 2018.

#### b) Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue from the users of the public service ( road) during the concession period in respect of Build-Operate-Transfer ("BOT") project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction. Till the completion of the project, the same is recognised under intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as "Change of Scope") is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts for Change of scope works done upto the date of capitalization. However post issuance of PCC, all the Change of scope works income and expenditure is taken to the Profit and loss account.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

Any Viability Gap Funding (VGF) in the form of equity support in connection with project construction is accounted as a receivable and is adjusted to the extent of actual receipts.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Intangible assets that are not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

For transition to IndAS, the Company has elected to continue with the carrying value of all its Intangible Assets, recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

#### Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes



## **HKR Roadways Limited**

### **Notes to financial statements for the Year ended March 2018.**

in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period.

For transition(01/04/2016) to IndAS, the Company has availed the option(under para D22 of Ind As 101) to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period(i.e. 31/03/2017) as per the previous Indian GAAP.

#### **2.09 Borrowing costs**

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

#### **2.10 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.



**HKR Roadways Limited**  
**Notes to financial statements for the Year ended March 2018.**

**2.11 Income taxes**

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

**2.12 Impairment of assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use; and



## **HKR Roadways Limited**

### **Notes to financial statements for the Year ended March 2018.**

(b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying value of the asset exceeds the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

#### **2.13 Provisions, contingent liabilities and contingent assets**

A provision is recognised when the Company has a present obligation (legal or constructive) 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible. Contingent assets are disclosed in the financial statements where an in flow of economic benefits are probable.



**HKR Roadways Limited**  
**Notes to financial statements for the Year ended March 2018.**

**2.14 Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**a) Financial Assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (unless the same are designated as fair value through profit or loss)

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments and all changes are recognised in profit or loss.

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest income, dividend income and exchange difference (on debt instrument) on FVTOCI debt instruments is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments



## **HKR Roadways Limited**

### **Notes to financial statements for the Year ended March 2018.**

FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

#### **b) Financial Liabilities**

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### **c) Impairment of financial assets (Expected Credit Loss Model)**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset and financial guarantees not designated at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument, through the expected life of the financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the life-time expected credit losses if the credit risk on that financial instrument has increase significantly since initial recognition. If the credit risk has not increased significantly, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses



## **HKR Roadways Limited**

### **Notes to financial statements for the Year ended March 2018.**

and represent the life-time cash shortfalls that will result if the default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of a change in the amount of the expected credit loss. To achieve that, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

#### **2.15 Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

#### **2.16 Claims**

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

#### **2.17 Commitments**

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

- (i) Estimated amount of contracts remaining to be executed on capital account and not provided for
- (ii) Uncalled liability on shares and other investments partly paid
- (iii) Funding related commitment to subsidiary, associate and joint venture companies and
- (iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.



**HKR Roadways Limited**  
**Notes to financial statements for the Year ended March 2018.**

**2.18 Employee Benefit**

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Provisions for/contributions to retirement benefit schemes are made as follow as per Indian Accounting Standard (Ind AS) – 19, “Employee Benefits:

- a) Provident fund on actual liability basis
- b) Gratuity based on actuarial valuation
- c) The company is not having the policy of Leave encashment benefit to its employees and hence there is no provision.





HKR Roadways Limited

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

3 Property, plant and equipment

	Furniture and Fixtures	Office Equipment	Computers	Vehicles	Plant and Machinery	Total
<b>Year ended 31st March 2017</b>						
Gross carrying amount						
Opening gross carrying amount	4,50,777	9,00,700	5,04,065	45,53,701	29,23,428	93,32,671
Additions	-	21,200	-	-	12,57,582	12,78,782
Transfers	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>4,50,777</b>	<b>9,21,900</b>	<b>5,04,065</b>	<b>45,53,701</b>	<b>41,81,010</b>	<b>1,06,11,453</b>
<b>Accumulated depreciation</b>						
Depreciation charge during the year	1,96,045	4,44,116	4,89,373	14,27,700	1,12,388	26,69,622
Closing accumulated depreciation	35,744	96,660	10,113	5,89,773	1,99,078	9,31,368
	2,31,789	5,40,776	4,99,486	20,17,473	3,11,466	36,00,990
<b>Net carrying amount</b>	<b>2,18,988</b>	<b>3,81,124</b>	<b>4,579</b>	<b>25,36,228</b>	<b>38,69,544</b>	<b>70,10,463</b>
<b>Year ended 31st March 2018</b>						
Gross carrying amount						
Opening gross carrying amount	4,50,777	9,21,900	5,04,065	45,53,701	41,81,010	1,06,11,453
Additions	-	-	15,750	39,61,942	11,11,259	50,88,951
Transfers	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>4,50,777</b>	<b>9,21,900</b>	<b>5,19,815</b>	<b>85,15,643</b>	<b>52,92,269</b>	<b>1,57,00,404</b>
<b>Accumulated depreciation and impairment</b>						
Opening accumulated depreciation	2,31,789	5,40,776	4,99,486	20,17,473	3,11,466	36,00,990
Depreciation charge during the year	35,744	2,21,351	4,518	9,80,462	2,99,258	15,41,333
<b>Closing accumulated depreciation and impairment</b>	<b>2,67,533</b>	<b>7,62,127</b>	<b>5,04,004</b>	<b>29,97,935</b>	<b>6,10,724</b>	<b>51,42,323</b>
<b>Net Carrying Amount</b>	<b>1,83,244</b>	<b>1,59,773</b>	<b>15,811</b>	<b>55,17,708</b>	<b>46,81,545</b>	<b>1,05,58,081</b>



HKR Roadways Limited

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

4 Intangible Assets

	Development Costs (Carriageway)	Intangible assets under development
<b>Year ended 31 March 2017</b>		
Gross carrying amount		
Opening Gross Carrying Amount	14,43,79,19,497	15,57,64,171
Additions- being internally developed	-	4,65,34,183
Disposals	-	-
<b>Closing gross carrying amount</b>	<b>14,43,79,19,497</b>	<b>20,22,98,354</b>
<b>Year ended 31 March 2018</b>		
Additions- being internally developed	-	50,41,57,618
Disposals	-	-
Capitalised during the year	-	-
<b>Closing gross carrying amount</b>	<b>14,43,79,19,497</b>	<b>70,64,55,972</b>
<b>Amortization and Impairment</b>		
As at 1 April 2016	18,26,56,550	-
Amortization	13,51,33,898	-
<b>As at 31 March 2017</b>	<b>31,77,90,448</b>	-
Amortization	41,02,47,229	-
Impairment	-	-
<b>As at 31 March 2018</b>	<b>72,80,37,677</b>	-
<b>Net Book Value</b>		
<b>At 31 March 2018</b>	<b>13,70,98,81,820</b>	<b>70,64,55,972</b>
<b>At 31 March 2017</b>	<b>14,12,01,29,049</b>	<b>20,22,98,354</b>
	<b>31 March 2018</b>	<b>31 March 2017</b>
Development Costs	13,70,98,81,820	14,12,01,29,049
Intangible assets under development	70,64,55,972	20,22,98,354
<b>Total</b>	<b>14,41,63,37,792</b>	<b>14,32,24,27,403</b>

**Intangible assets under development**

Intangible assets under development are in the nature of carriageways. Carriageways related to toll based road projects are amortized based on proportion of actual revenue received during the accounting year to the total projected revenue till the end of the concession period in terms of MCA notification dated April 17, 2012 and in terms of the amendments to the Schedule II of the Act vide MCA notification dated March 31, 2014. The total projected revenue for the entire useful life is reviewed at the end of each financial year for expected changes in traffic and adjusted to reflect any changes in the estimate which will lead to actual collection at the end of useful life.



HKR Roadways Limited

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

5 Other non-current assets

	31 March 2018	31 March 2017
Capital Advances/Advances- Gayatri Projects Ltd.	15,31,72,262	22,55,04,270
TDS Receivable	77,81,874	61,77,516
<b>Total</b>	<b>16,09,54,136</b>	<b>23,16,81,786</b>

6 (a) Cash and cash equivalents

	31 March 2018	31 March 2017
Balances with banks		
- on current accounts	14,56,407	5,54,28,857
Cash on hand	56,93,464	27,43,227
	<b>71,49,871</b>	<b>5,81,72,084</b>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	31 March 2018	31 March 2017
Balances with banks		
- on current accounts	14,56,407	5,54,28,857
Cash on hand	56,93,464	27,43,227
	<b>71,49,871</b>	<b>5,81,72,084</b>

(b) Bank Balance other than above

	31 March 2018	31 March 2017
Fixed Deposits with original maturity of more than 12 months	-	51,52,06,914
	<b>-</b>	<b>51,52,06,914</b>

7 Other Financial Assets

	31 March 2018	31 March 2017
Retention Money receivable from Authority	6,31,816	6,31,816
Accrued Interest on Fixed Deposit	-	2,99,27,095
	<b>6,31,816</b>	<b>3,05,58,911</b>

8 Other Current Assets

	31 March 2018	31 March 2017
Accrued Interest on Deposit at Electricity Dept.	91,512	47,061
Prepaid Expenses	24,01,447	21,81,441
Rental Deposit	2,95,500	55,500
Other Advances	46,24,352	30,17,171
	<b>74,12,811</b>	<b>53,01,173</b>



**HKR Roadways Limited****Summary of Significant Accounting Policies and Other Explanatory Information**

(All amounts in ₹ unless otherwise stated)

**9 Share capital****a. Authorized Share Capital**

	Equity Shares	
	Number	INR
At 31 March 2017	50,00,000	5,00,00,000
Increase/(decrease) during the year	-	-
At 31 March 2018	50,00,000	5,00,00,000

**Terms/Rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The rights and preferences of each shareholder are in accordance with the Shareholders' Agreement dated 14th February 2011.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. During the year ended 31st March 2018, no dividend is declared by Board of Directors. (Previous year - Nil)

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 in the proportion to the number of equity shares held by the shareholders.

**b. Issued Equity Share Capital**

Equity shares of Rs.10 each issued, subscribed and fully paid up	Number	INR
	At 31 March 2017	46,42,289
Changes during the period	-	-
At 31 March 2018	46,42,289	4,64,22,890

c. Equity Shares held by the Holding Company and the Ultimate Holding Company and /or their subsidiaries/associates- Nil

**d. Details of shareholders holding more than 5% shares in the Company**

	31 March 2018		31 March 2017	
	Number of shares	% of holding	Number of shares	% of holding
Gayatri Highways Limited	17,17,642	37.00%	17,17,642	37.00%
Megha Engineering & Infrastructures Limited	17,17,647	37.00%	17,17,647	37.00%
DLF & its Associates	12,06,995	26.00%	12,06,995	26.00%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.



9 Share capital (continued...)

c. Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31.03.2018		As at 31.03.2017	
	No.	Rs.	No.	Rs.
At the beginning of the year	46,42,289	4,64,22,890	46,42,289	4,64,22,890
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>46,42,289</b>	<b>4,64,22,890</b>	<b>46,42,289</b>	<b>4,64,22,890</b>

f. Composite Scheme of Merger & Demerger

1. As per the NCLT order dated 3rd November, 2017 and Composite Scheme of Arrangement between Gayatri Projects Ltd, Gayatri Infra Ventures Ltd and Gayatri Highways Ltd (Formerly Gayatri Domicile Pvt Ltd), All the Infrastructure Road BOT Asset are merged with Gayatri Projects Ltd (GPL), there-after, all the Infrastructure Road BOT Assets are demerged from GPL and transferred to Gayatri Highways Ltd erstwhile Gayatri Domicile Private Ltd with effect from 24th November, 2017

2. Gayatri Domicile Private Limited changed its Name to Gayatri Highways Limited (GHL) to better reflect the nature of Business being carried out.

3. As per the Central Government notification, all the cases relating Company Law were shifted to NCLT (National Company Law Tribunal) from the respective High Courts. The case for the Scheme of Arrangement was also shifted to NCLT Hyderabad from the Honorable Hyderabad High Court. NCLT has ordered for the implementation of the Composite Scheme of Arrangement vide their order dated on 3rd November 2017. The followings are the consequence of the NCLT order:

- GIVL was merged with GPL and GIVL has been dissolved. GPL was the holding company of all the BOT Road assets which were under GIVL and GPL together till 31 March 2016.
- All the BOT Road Assets under GPL were demerged and transferred to GHL and GHL became the holding company for all the BOT Road Assets from 31 March 2017 onwards
- The listing of GHL on National Stock Exchange/Bombay Stock Exchanges is in progress. The process of listing will be completed shortly
- The existing shareholders of GPL were issued Equity Shares of GHL in 1:1 ratio, i.e. for every 1 share held in GPL, 1 share of GHL was allotted.

In HKRRL, the existing shares held by GIVL have been transferred to GHL pursuant to NCLT order dated 3rd November 2017

Shareholding as at 31st March 2017 has been regrouped in terms of order of NCLT dated 3rd November 2017

10 a) Instrument entirely equity in nature

	As at	
	31 March 2018	31 March 2017
<b>Loans from Promoters:</b>		
Gayatri Highways Ltd.	67,91,37,309	67,91,37,309
Gayatri Projects Ltd.	44,76,51,246	44,76,51,246
Megha Engineering and Infrastructures Ltd.	1,12,67,88,555	1,12,67,88,555
	<b>2,25,35,77,110</b>	<b>2,25,35,77,110</b>

Subordinate debt will be paid at the option of the company only after payment of entire senior debt from lenders



HKR Roadways Limited

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

10 b) Other equity

	As at	
	31 March 2018	31 March 2017
<b>Retained earnings</b>		
Balance as per last audited financial statements	(1,97,79,24,600)	(1,21,04,46,217)
Add: Net loss for the year	(72,33,24,087)	(76,74,78,383)
Balance at the end of the year	<b>(2,70,12,48,687)</b>	<b>(1,97,79,24,600)</b>

11 Borrowings

	As at	
	31 March 2018	31 March 2017
<b>Non-current borrowings</b>		
<b>Term loans</b>		
From banks	11,90,29,35,000	12,27,25,35,000
From others	1,60,29,45,000	1,65,27,20,000
<b>Total non-current borrowings</b>	<b>13,50,58,80,000</b>	<b>13,92,52,55,000</b>
<b>Current borrowings</b>		
From banks	40,32,00,000	36,96,00,000
From others	5,43,00,000	4,97,75,000
<b>Total Current borrowings</b>	<b>45,75,00,000</b>	<b>41,93,75,000</b>
<b>Total Borrowings</b>	<b>13,96,33,80,000</b>	<b>14,34,46,30,000</b>

**Secured loans**

a. The Debt from banks and others, amounting to Rs. 1,525,00,00,000/-, is repayable in 47 unequal quarterly installments, commencing from 30th June 2015, as per repayment schedule, as set out in the Common Loan Agreement (including amendments thereto).

b. Any Lender may, in suitable circumstances, at the request of the company and with the consent of other Lenders revise or vary the Repayment Schedule or postpone the payment of any specified repayment installment(s) or part thereof, upon such terms and conditions as are specified by such Lender.

c. If for any reason the amount finally disbursed by the lenders is less than the total commitments, the repayment installments shall stand reduced proportionately but shall paid on the repayment dates as set out in the repayment schedule.

d. The Company can avail the voluntary prepayment option by complying the requirement as set out in Common Loan Agreement (including amendments thereto).



## HKR Roadways Limited

### Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

#### 11 Borrowings (continued..)

##### Unsecured loans

- a. The Company shall repay the principal amount of Zero interest subordinate loan obtained from the Shareholders, after the Term Loans will be repaid in full.
- b. The Company can repay any unsecured debt including unsecured loan from sponsors except those already envisaged in financial plan, if any, with prior approval of the lenders, which shall not be unreasonably withheld by the lenders in case of adequacy of cash flow to serve debt obligation.

##### Loan Covenants

Term Loans from banks and others are secured by first Pari-passu charge without any Lender having Priority/preference over the other.

- i) The Security for the facility shall be created in favour of the Security Trustee for the benefit of the Lenders
- ii) First charge by way of hypothecation of
  - a. all movables, tangible and intangible assets other than the project assets as defined in concession Agreement.
  - b. All monies including toll receipts to the credit of the Escrow Account in accordance with the Concession Agreement.
  - c. Assignment of rights, title and interest to or in
  - d. All rights, title, interest, benefits, claims and demands of the Borrower under Project documents subject to and in accordance with the provisions of Concession Agreement.
  - e. Escrow account to be named as loss payees in the Insurance policies, subject to compliance with the provisions of Concession Agreement.
  - f. Pledge of 51% of share capital in the Borrower company held by the Sponsors
  - g. Charge on 2(two) quarters Debt Service Reserve Account (DSRA) or equivalent Bank Guarantee in lieu of DSRA.

##### Loan from related parties

Loan from related parties would be repaid after the repayment of loans taken from banks and financial institutions

##### Effective rate of interest

Rate of interest applicable would be base rate+2%. Base rate would be the rate as stated by Canara Bank based on the market fluctuations and trends.

##### Period and Amounts of continuing defaults as on Balance Sheet Date

The Company has defaulted in payment of interest to the Banks and Financial Institutions amounting to Rs. 40,47,02,978/- and principal installment of Rs. 11,43,75,000/- as detailed below:

	Banks	Financial Institutions
Interest for the month of January 2018	12,03,50,324	1,66,30,583
Interest for the month of February 2018	11,16,76,123	1,50,49,367
Interest for the month of March 2018	12,43,66,272	1,66,30,309
Principal Repayment	10,08,00,000	1,35,75,000
<b>Total</b>	<b>45,71,92,719</b>	<b>6,18,85,259</b>

#### 12 Provisions

##### Non-current

Provision for employee benefits

-Gratuity, non-funded

##### Current

Provision for employee benefits

-Gratuity, non-funded

As at	
31 March 2018	31 March 2017

15,83,225

12,42,380

66,171

29,898

Provision for gratuity is made on actuarial basis. The company does not have any policy for compensated absence.



**HKR Roadways Limited****Summary of Significant Accounting Policies and Other Explanatory Information**

(All amounts in ₹ unless otherwise stated)

**13 Other financial liabilities**

	As at	
	31 March 2018	31 March 2017
Current maturities of Long term borrowings	45,75,00,000	41,93,75,000
Interest accrued and due on borrowings	40,47,02,978	39,43,50,649
EPC bills payable	-	1,52,92,867
Project Work Contractor Payable	47,96,22,857	-
Special retention money	1,80,03,917	53,50,600
Retention money	4,77,87,383	3,71,77,852
Utility shifting expenses payable	1,19,19,812	75,14,669
Audit fee payable	4,56,618	4,43,818
Salaries payable	17,30,802	9,30,845
Independent consultant fee	2,20,15,963	2,20,15,963
Consultation charges payable	2,11,206	2,05,952
Legal and professional fees	2,45,664	2,45,664
Toll O&M Expenses Payable	1,98,49,856	-
Other payables	2,16,86,152	1,73,81,733
	<b>1,48,57,33,208</b>	<b>92,02,85,612</b>

**14 Other Current Liabilities**

	As at	
	31 March 2018	31 March 2017
Statutory Liabilities		
TDS payable	1,09,72,040	10,62,301
Professional tax payable	4,550	3,400
Works contract tax payable	-	4,04,743
GST payable	54,000	-
<b>Total</b>	<b>1,10,30,590</b>	<b>14,70,444</b>





**HKR Roadways Limited**

**Summary of Significant Accounting Policies and Other Explanatory Information**

(All amounts in ₹ unless otherwise stated)

**15 Revenue from operations**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Revenue from sale of services		
- Toll operations	1,58,72,75,473	1,14,07,59,080
Construction Income	50,41,57,618	4,65,34,183
	<b>2,09,14,33,091</b>	<b>1,18,72,93,263</b>

**16 Other income**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Interest on income tax refund	-	43,740
Other income	3,10,334	52,290
	<b>3,10,334</b>	<b>96,030</b>

**17 Finance Income**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Interest on Fixed Deposits	1,55,74,514	6,15,05,085
Income from Mutual Funds	11,12,243	12,13,403
	<b>1,66,86,757</b>	<b>6,27,18,488</b>

**18 Employee benefits expense**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Salaries and wages	74,17,884	56,77,605
Gratuity	3,01,445	1,76,224
	<b>77,19,329</b>	<b>58,53,829</b>

Provision for Gratuity is made on actuarial basis as summarized below. The Company does not have any policy for Compensated Absences.

**Profit and Loss account for current period**

Service Cost:

Current Service Cost	2,00,859	82,415
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	1,00,586	93,809
Total included in 'Employee Benefit Expense'	<b>3,01,445</b>	<b>1,76,224</b>
Expenses deducted from the fund	-	-
Total Charge to P&L	<b>3,01,445</b>	<b>1,76,224</b>

**Other Comprehensive Income for the current period**

Components of actuarial gain/losses on obligations:

Due to change in financial assumptions	50,351	-
Due to experience adjustments	25,322	(76,559)
Amount recognized in Other Comprehensive Income	<b>75,673</b>	<b>(76,559)</b>



HKR Roadways Limited

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

18 Employee benefits expense (continued..)

Changes in present value of defined benefit obligation as at 31st March 2018

	For the year ended	
	31 March 2018	31 March 2017
<b>Defined Benefit Obligation</b>		
Opening defined benefit obligation	12,72,278	11,72,613
Current Service Cost	2,00,859	82,415
Net interest expense	1,00,586	93,809
Components of actuarial gain/losses on obligations		
Due to change in financial assumptions	50,351	-
Due to experience adjustments	25,322	(76,559)
Benefits paid	-	-
Closing defined benefit obligation	16,49,396	12,72,278
<b>Bifurcation of liability as per schedule III</b>		
Current Liability	66,171	29,898
Non-current liability	15,83,225	12,42,380

Principal Actuarial Assumptions

	For the year ended	
	31 March 2018	31 March 2017
Discounting Rate	7.60%	8.00%
Average Salary Growth Rate	4.00%	4.00%
Attrition Rate	3 % at all ages	3 % at all ages

Sensitivity to key assumptions

Discount Rate Sensitivity

Increase by 1%	15,28,150	10,81,237
(% change)	-7.35%	-15.02%
Decrease by 1%	17,87,469	13,78,816
(% change)	8.37%	8.37%

Salary Growth Rate Sensitivity

Increase by 1%	17,54,670	13,77,529
(% change)	6.38%	8.27%
Decrease by 1%	15,14,032	10,80,209
(% change)	-8.21%	-15.10%

Withdrawal Rate (W.R.) Sensitivity

W.R. + 1%	16,80,270	10,81,237
(% change)	1.87%	-15.02%
W.R. - 1%	16,14,253	13,78,816
(% change)	-2.13%	8.37%

19 Finance Cost

	31 March 2018	31 March 2017
Interest on term loans	1,66,71,61,733	1,71,49,50,566
Credit Rating Fee	3,54,000	3,45,000
Security Trustee Fee	2,30,000	2,29,000
Lender Agent Fee	17,70,000	17,17,500
	<b>1,66,95,15,733</b>	<b>1,71,72,42,066</b>



**HKR Roadways Limited****Summary of Significant Accounting Policies and Other Explanatory Information**

(All amounts in ₹ unless otherwise stated)

**20 Other expenses**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Construction Expenses	50,41,57,618	4,65,34,183
Toll operation expenses	7,51,40,502	7,21,08,529
Power and fuel	1,40,55,603	1,29,05,089
Insurance	26,80,939	7,25,378
Cash handling charges	31,13,434	26,99,904
Business development expenses	-	3,50,000
Repair & Maintenance expenses	12,03,68,403	39,59,674
Plantation expense	87,42,593	63,44,360
Lenders' Independent Engineer (LIE) Fee	28,14,000	32,42,000
Independent Consultant (IC) Fee	-	41,15,287
Other O&M expenses	26,51,238	16,71,056
Bank charges	28,007	21,748
Communication expenses	1,80,231	2,355
Travelling and conveyance	10,36,913	20,697
Rates and taxes	15,500	29,755
Office maintenance	8,52,189	5,20,252
Computer maintenance	12,744	17,800
Sitting fees	33,600	40,000
Professional charges (refer note below)	64,23,956	31,93,495
Misc. Expenses	3,47,502	-
	<b>74,26,54,972</b>	<b>15,85,01,562</b>

**Payments to the auditor**

	<b>31 March 2018</b>	<b>31 March 2017</b>
<b>Professional Charges includes Auditor Fee as below:</b>		
As auditor		
Audit fees (inclusive of service tax)	4,13,000	4,02,500
Tax audit fees (inclusive of service tax)	59,000	57,500
In other capacity		
Other services	1,39,440	29,611
<b>Total</b>	<b>6,11,440</b>	<b>4,89,611</b>



## HKR Roadways Limited

### Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

#### 21 Earnings per share

Basic and diluted earnings per share are calculated as per Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

	For the year ended	
	31 March 2018	31 March 2017
Net Profit/(loss) after tax attributable to equity shareholders (A)	(72,32,48,414)	(76,74,78,383)
Weighted average number of equity shares outstanding (B)	46,42,289	46,42,289
<b>Basic and Diluted Earnings (Loss) per share [(A)/(B)]</b>	<b>(155.80)</b>	<b>(165.32)</b>

#### 22 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year have been analysed. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### 23 Contingent Liabilities and Capital Commitments

##### a) Contingent Liabilities:

Claims against the company / disputed liabilities not acknowledged as debts -- Nil (Previous Year - Nil)

##### b) Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances):

Towards EPC Cost Rs. 103,56,97,527 (Previous year Rs.152,51,08,606)

Towards Toll Management Systems Rs. 86,61,947 (Previous Year Rs. 86,61,947)

Towards Toll Plaza works Rs. 5,41,17,170 (Previous Year Rs. 5,41,17,170)



**HKR Roadways Limited**

**Summary of Significant Accounting Policies and Other Explanatory Information**

(All amounts in ₹ unless otherwise stated)

**24 Related Party Disclosures**

**a. Name of related parties and nature of relationship**

<u>Names of the related parties</u>	<u>Nature of relationship</u>
Gayatri Highways Limited	Entity having significant influence-Holding 37% equity shares and voting rights
Megha Engineering & Infrastructures Ltd.	Entity having significant influence-Holding 37% equity shares and voting rights
Balaji Highways Holding Pvt. Ltd.	Entity having significant influence-Holding 37% equity shares and voting rights
T.V Sandeep Kumar Reddy	Director
T. Subbarami Reddy	Relative of Director
T. Indira Reddy	Relative of Director
P.V. Krishna Reddy	Director
Ch. Peda Subbaiha	Director
G. Jagannadha Rao	Director
Bajrang Lal Gupta	Director
M.V. Narasimha Rao	Director

**b. Transactions with related parties**

	<u>For the year ended</u>	
	<u>31 March 2018</u>	<u>31 March 2017</u>
Megha Engineering & Infrastructures Ltd-EPC Work	-	15,24,34,870
Gayatri Projects Ltd.-EPC Work	-	15,52,108
Gayatri Highways Ltd.-Reimbursement of expenses	4,20,577	-
Sitting Fees paid to directors:		
G. Jagannadha Rao	5,000	-
Bajrang Lal Gupta	10,000	25,000
M.V. Narasimha Rao	15,000	5,000
K. Ravi Kumar Reddy	-	10,000

**c. Balances receivable/(payable)**

	<u>For the year ended</u>	
	<u>31 March 2018</u>	<u>31 March 2017</u>
Megha Engineering & Infrastructures Ltd.		
Unsecured loan	(1,12,67,88,555)	(1,12,67,88,555)
Payable against EPC works	-	(1,52,92,867)
Retention Money payable	(3,71,77,852)	(3,71,77,852)
Utilities shifting and change of scope payable	(75,14,669)	(75,14,669)
Gayatri Projects Ltd.		
Unsecured loan	(44,76,51,246)	(44,76,51,246)
EPC Advances	15,31,72,262	22,55,04,270
Utilities shifting and change of scope payable	(1,50,14,675)	-
Gayatri Highways Ltd		
Unsecured loan	(67,91,37,309)	(67,91,37,309)
Re-imbusement of expenses	6,30,177	2,09,600



## HKR Roadways Limited

### Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

#### 25 Fair value of Financial asset and liabilities at amortized cost

	As at	
	31 March 2018	31 March 2017
<b>Financial assets</b>		
- Cash and cash equivalents	71,49,871	5,81,72,084
- Bank Balance other than above	-	51,52,06,914
- Other Financial Assets	6,31,816	3,05,58,911
<b>Total</b>	<b>77,81,687</b>	<b>60,39,37,909</b>
<b>Financial liabilities</b>		
Borrowings-Long term	13,50,58,80,000	13,92,52,55,000
Other Financial Liabilities	1,48,57,33,208	92,02,85,612
<b>Total</b>	<b>14,99,16,13,208</b>	<b>14,84,55,40,612</b>

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying value of Rupee Term Loan and Loan from Related Party approximate fair value as the instruments are at prevailing market rate.

#### 26 Capital Management

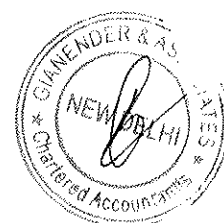
For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

#### 27 Fair Values

The management assessed that cash and cash equivalents, trade receivables, current loans, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments or as they carry market rate of interest.

#### 28 Financial risk management objectives and policies

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.



## HKR Roadways Limited

### Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

#### 28 Financial risk management objectives and policies (continued..)

##### a) Market Risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The company is not exposed to foreign currency risk as it has no borrowing or no material payables in foreign currency. The Company's activities expose it primarily to the financial risks of changes in interest rates.

##### b) Interest rate risk

The company is exposed to interest rate risk because it borrows funds primarily at floating interest rates. However, the interest rates are dependant on base rates/prime lending rates of the lead bank which are not expected to change very frequently and the estimate of the management is that these will not have significant upward trend.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

	As at	
	31 March 2018	31 March 2017
Senior Debt from Banks - Variable rate borrowings	13,96,33,80,000	14,34,46,30,000

##### Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	As at	
	31 March 2018	31 March 2017
Increase or decrease in interest rate by 25 basis points	3,53,85,013	3,89,16,828

Note: Profit will increase in case of decrease in interest rate and vice versa

##### ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company is exposed to price risk due to investments in mutual funds and classified as fair value through profit and loss.

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company does not expose to price risks as on 31st March 2018.

##### c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The Company has adopted a policy of only dealing creditworthy counterparties. The management believes that the credit risk is negligible since its mail receivable is from the grantors of the concession which is Government Authority.



**HKR Roadways Limited**

**Summary of Significant Accounting Policies and Other Explanatory Information**

(All amounts in ₹ unless otherwise stated)

**29 Financial risk management objectives and policies**

**c) Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the company may be required to pay.

As at 31st March 2018	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>					
Borrowings	13,96,33,80,000	2,04,36,13,067	2,14,13,38,410	7,62,72,77,829	11,54,43,76,939
Other Financial Liabilities	1,02,82,33,208	1,02,82,33,208	-	-	-

As at 31st March 2017	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>					
Borrowings-Long term	14,34,46,30,000	2,04,84,11,733	2,04,36,13,067	6,97,89,70,040	14,33,40,23,138
Other Financial Liabilities	50,09,10,612	50,09,10,612	-	-	-

**d) Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital.

	As at	
	31 March 2018	31 March 2017
Debts	14,36,80,82,978	14,73,89,80,649
Less: Cash and Bank Balances	(71,49,871)	(5,81,72,084)
<b>(A)</b>	<b>14,36,09,33,107</b>	<b>14,68,08,08,565</b>
Equity & Other equity (B)	(40,12,48,687)	32,20,75,400
Net Debt / Total Capital (A/B)	(35.79)	45.58

Footnote: Debts include Longterm borrowings (including its current maturities) and interest accrued thereon.

**30 Disclosure pursuant to Appendix - A to Ind AS 11 - " Service Concession Arrangements"**

**Description and classification of the arrangement**

30.1. HKR Roadways Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is a Special Purpose Vehicle (SPV) incorporated on 9th August 2010 for the execution of the project "Design, Construction, Finance, Operation and Maintenance, Rehabilitation and Strengthening of existing 2-lane Road and widening to 4-lane Divided Highway of SH-1 in the state of Andhra Pradesh on Design, Build, Finance, Operate and Transfer "DBFO" Pattern. The company has entered into a Concession Agreement with APRDC, which specified a two and half year of construction period and Twenty Two and a half year of Operation & Maintenance period. The Company achieved the Provisional Completion Certificate and has commenced the Toll Collection on 190 km. of the Project Highway w.e.f. 01 June 2014.





## HKR Roadways Limited

### Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

#### 30 Disclosure pursuant to Appendix - A to Ind AS 11 - "Service Concession Arrangements" (cont..)

##### 30.2. Significant Terms of the arrangements

###### Receipt of Grant:

As per the Article 25 of the CA, the Govt. shall give cash support to the Concessionaire by way of an outright grant of Rs. 454 Crore

###### Concession Fee and Other Fees:

As per Article 7.2 of the Concession Agreement, the company is liable to pay Concession Fee Re 1 every year during the Concession Agreement

###### Obligation of the Company

The company shall at its cost and expenses procure finance for and undertake the Design, Construction, Finance, Operation and Maintenance, Rehabilitation and Strengthening of existing 2-lane Road and widening to 4-lane Divided Highway of SH-1 in the state of Telangana.

###### Rights of the Company for use Project Highway

On and from COD date till the transfer date, the Concessionaire shall have the sole and exclusive right to demand, collect and appropriate, Fee from the users for using the Project Highway in accordance with this agreement.

###### Operation & Maintenance

The company is under obligation to carry out the routine and periodic maintenance of Project Highway as per Article-17 of the CA.

###### Details of any assets to be given or taken at the end of concession period

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

###### Details of Termination

CA can be terminated on account of default of the company or Govt of Telangana in the circumstances as specified under Article-37 of the CA.

#### 31 Disclosure pursuant to Ind AS 23 "Borrowing Costs"

	As at	
	31 March 2018	31 March 2017
Finance Cost	1,66,95,15,733	1,71,72,42,066
Less : Capitalized during the year	-	-
Finance Cost charged to Statement of P/L	1,66,95,15,733	1,71,72,42,066

#### 32 Segment reporting

Based on the Company's business model and considering the internal financial reporting to the management, the Company has identified only one reportable segment i.e. "construction, operations and maintenance of roads, highways and toll roads"

#### 33 Comparatives

Previous year comparatives have been reclassified and regrouped wherever necessary, to confirm to current years' presentation.

#### 34 Events after the reporting period

There are no significant events after the reporting period that substantially affect the financial position of the company.

See accompanying Notes are an integral part of the Financial Statements

As per our report of even date attached

For GIANENDER & ASSOCIATES

Chartered Accountants

FRN: 004601N

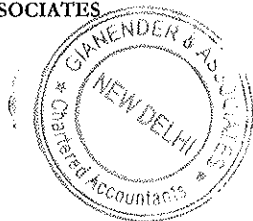
Jectender Kumar Gupta

Partner

Membership No. 092547

Place: New Delhi

Date: 21.05.2018



For and on behalf of the Board

F.V. KRISHNA REDDY

Director

DIN: 01815061

Place: Hyderabad

Date: 21.05.2018

T.V. SANDEEP KUMAR REDDY

Director

DIN: 00005573

Place: Hyderabad

Date: 21.05.2018

**Form No MGT.11**

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

CIN: U45203TG2010PLC069897

Name of the company: **HKR Roadways Limited**

Registered office: 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad - 500 082,  
Telangana, India

Name of the Member(s):

Registered Address:

E-mail Id:

Folio No/Client Id:

DP Id:

I/We being a member (s) of ..... Shares of the above named Company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:....., or failing him

2. Name:

Address:

E-mail Id:

Signature:....., or failing him

3. Name:

Address:

E-mail Id:

Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 8<sup>th</sup> Annual General Meeting of the company, to be held on **Tuesday, the 28<sup>th</sup> Day of August, 2018 at 4.30 P.M.** at the Registered Office of the Company situated at 6-3-1090, TSR Towers, Raj Bhavan Road, Somajiguda, Hyderabad - 500 082, Telangana, India and at any adjournment thereof in respect of such resolutions as are indicated below:

1. Adoption of Statement of Profit and Loss, Balance Sheet, Report of Board of Directors and Auditors for the year ended 31<sup>st</sup> March, 2018.
2. Re-appointment of Mr. T.V. Sandeep Kumar Reddy as a Director of the Company
3. Ratification of Appointment of Auditors.
4. Re appointment of Cost Auditors.
5. Appointment of Mr. G. Jagannadha Rao as an Independent Director.
6. Appointment of Mr. K. Nageshwar Rao as a Director.
7. Appointment of Mr. Prem Kumar Pandey as a Director.

Signed this ..... day of..... 2018.

Signature of shareholder

Please Affix  
Revenue  
Stamp

Signature of Proxy holder(s)

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave 'for', 'against' or 'abstain' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

## HKR ROADWAYS LIMITED

Regd. office: 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad - 500 082, Telangana, India  
CIN: U45203TG2010PLC069897

### ATTENDANCE SLIP

8<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> August, 2018 at Hyderabad

Regd. Folio No.		* DP ID:	
No. of Equity Shares held		* Client ID:	

Name of the Shareholder	
Name of Proxy	

I/We hereby record my / our presence at the 8<sup>th</sup> Annual General Meeting of the members of the Company held on **Tuesday, the 28<sup>th</sup> Day of August, 2018 at 4.30 P.M.** at the Registered Office of the Company situated at 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad - 500 082, Telangana, India.

### SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

\_\_\_\_\_  
If Member, please sign here

\_\_\_\_\_  
if proxy, please sign here

Note: This form should be signed and handed over at the Meeting Venue.

\* Applicable for investors holding shares in electronic form.