

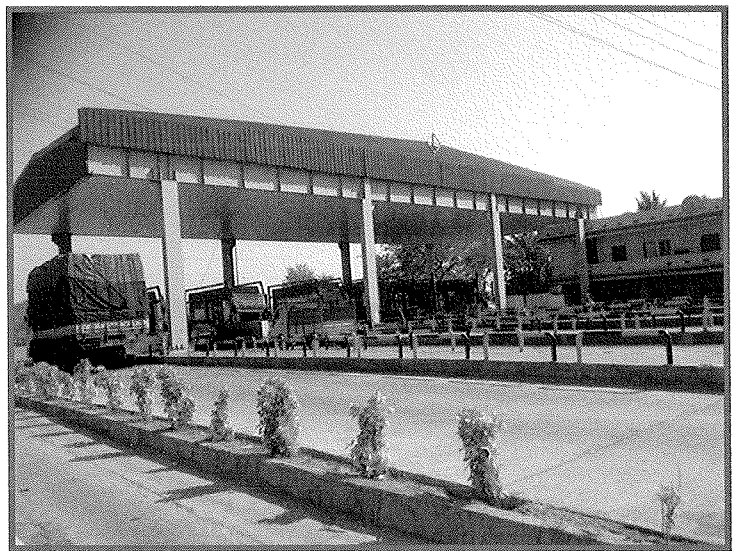
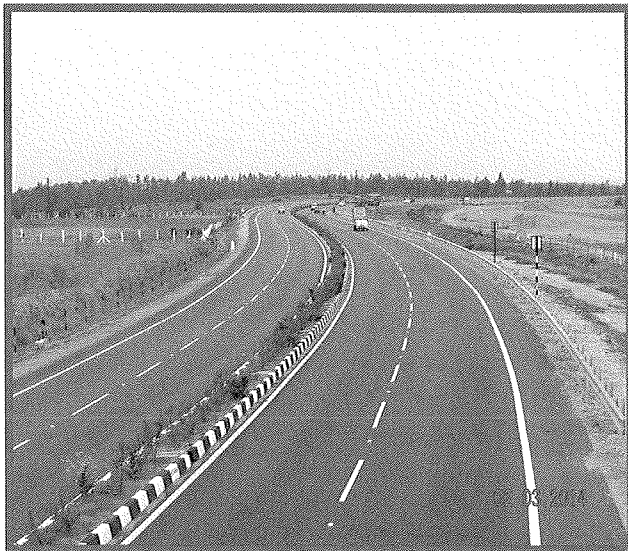


## HKR ROADWAYS LIMITED

9<sup>TH</sup> ANNUAL REPORT 2018-19



**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. K. Nageshwar 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. Mr. G. Jagannadha Rao</b>	<b>Chairman</b>
<b>Mr. M.V. Narasimha 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**

**STATUTORY AUDITORS**

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

**COST AUDITORS**

**M/s. DZR & Co  
Cost and Management Accountants  
104, Praveen Residency,  
H.No: 2-2-14/2/104, DD Colony,  
Hyderabad-500 007**

**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 9<sup>th</sup> Annual Report of your Company and the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019.

### 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. Dena Bank	100.00
		1525.00
<b>4</b>	<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 2019:

S. No.	Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
1)	<b>INCOME</b>		
	Toll Operations	1,86,94,206,89	1,58,72,75,473
	Construction Income	75,10,109	50,41,57,618
	Other Income	11,52,925	3,10,334
	Finance Income	-	1,66,86,757
	<b>TOTAL</b>	<b>1,87,80,83,723</b>	<b>2,10,84,30,182</b>
2)	<b>EXPENDITURE</b>		
	Employee Benefits Expense	2,37,11,888	77,19,329
	Depreciation & Amortization expense	36,50,32,273	41,17,88,562
	Finance Costs	1,62,15,52,885	1,66,95,15,733
	Other Expenses	19,24,69,640	74,26,54,972
	<b>TOTAL</b>	<b>2,20,27,66,685</b>	<b>2,83,16,78,596</b>
3)	<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>(32,46,82,962)</b>	<b>(72,32,48,414)</b>
	Provision for Taxation:		
	- Current Tax		
4)	<b>PROFIT / (LOSS) AFTER TAX</b>	<b>(32,46,82,962)</b>	<b>(72,32,48,414)</b>
	Other comprehensive income	(8,23,985)	75,673
5)	<b>Total comprehensive income for the period</b>	<b>(32,38,58,977)</b>	<b>(72,33,24,087)</b>
	Number of Equity Shares	46,42,289	46,42,289
	Earning (Loss) per Share		
	- Basic	(69.94)	(155.80)
	- Diluted	(69.94)	(155.80)

### 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 202.488 kms up to 31<sup>st</sup> May 2018 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 2018. The next revision of toll rates is due on 1<sup>st</sup> June 2020.

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:

	Rates applicable up to 01 <sup>st</sup> June 2018			Rates applicable w.e.f. 1 <sup>st</sup> June 2016		
	Single Trip	Daily Pass	Monthly Pass	Single Trip	Daily Pass	Monthly Pass
<b>Car</b>	59	88	1770	51	77	1530
<b>LCV</b>	118	177	3540	102	203	509
<b>Truck/Bus</b>	236	354	7080	153	305	764
<b>MAV/HCV</b>	589	883	17670	3060	6090	15270

## Toll Plaza – 2:

	Rates applicable up to 01 <sup>st</sup> June 2018			Rates applicable w.e.f. 1 <sup>st</sup> June 2016		
	Single Trip	Daily Pass	Monthly Pass	Single Trip	Daily Pass	Monthly Pass
<b>Car</b>	54	81	1620	50	75	1500
<b>LCV</b>	109	163	3270	101	152	3030
<b>Truck/Bus</b>	218	327	6540	201	302	6030
<b>MAV/HCV</b>	544	816	16320	503	755	15090

## Toll Plaza – 3:

	Rates applicable up to 01 <sup>st</sup> June 2018			Rates applicable w.e.f. 1 <sup>st</sup> June 2016		
	Single Trip	Daily Pass	Monthly Pass	Single Trip	Daily Pass	Monthly Pass
<b>Car</b>	56	84	1680	49	74	1470
<b>LCV</b>	111	166	3330	98	147	2940
<b>Truck/Bus</b>	223	334	6690	197	296	5910
<b>MAV/HCV</b>	557	835	16710	492	738	14760

The Toll Collections for the Financial Year 2018-19 vis-à-vis 2017-18 is tabulated below:

S. No.	Particulars	Toll Collections	Toll Collections
		(01.04.2018 to 31.03.2019) (Rs. in Cr)	(01.04.2017 to 31.03.2018) (Rs. in Cr)
1	Toll Plaza-1	75.40	68.09
2	Toll Plaza-2	61.69	53.94
3	Toll Plaza-3	44.50	36.70
4	Demonetization Amount Received	5.35	-
	<b>Total</b>	<b>186.94</b>	<b>158.73</b>

During the financial year 2018-19, the Toll Collection was improved significantly due to increase in sand mining activities and the daily average collections were Rs. 51.21 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**

The EPC Cost incurred upto 31<sup>st</sup> March 2019, vis-à-vis the Total EPC Cost, is tabulated herein below:

<b>S. No.</b>	<b>Particulars</b>	<b>Total EPC Cost (Rs. in Cr)</b>
<b>1</b>	Total EPC Cost	1,750.00
<b>2</b>	EPC Cost upto 31 <sup>st</sup> March 2019	1,623.87
<b>3</b>	<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 2019 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 2019	261.62	175.63	437.25
<b>3</b>	<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 2019:

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	23.14	265.79	7.64
2	Oriental Bank of Commerce	200.00	192.62	7.38	14.00	178.62	6.96
3	Corporation Bank	200.00	192.62	7.38	15.50	177.12	5.05
4	Indian Overseas Bank	200.00	192.62	7.38	14.00	178.62	6.02
5	IIFCL	181.00	174.32	6.68	12.67	161.65	5.78
6	Andhra Bank	144.00	138.68	5.32	11.16	127.52	3.85
7	Indian Bank	100.00	96.33	3.67	7.00	89.33	3.31
8	United Bank of India	100.00	96.33	3.67	7.75	88.58	2.31
9	Dena Bank	100.00	96.33	3.67	7.00	89.33	3.55
	<b>Total</b>	<b>1525.00</b>	<b>1468.78</b>	<b>56.22</b>	<b>112.22</b>	<b>1356.56</b>	<b>44.47</b>

Your Company has remitted Term Loan Installment up to 30 September 2018. The term loan installments due on 31<sup>st</sup> December 2018 & 31<sup>st</sup> March 2019 and interest on term loan from December 2018 to March 2019 are over due to the lenders. The lenders have placed the account on SMA-2 category.

**5. FUTURE OUTLOOK**

As the Toll Collections during the last five years are far below than the Estimated Toll Revenue, your Company could not pay Term Loan Interest and Installments in time. During the year, the sponsors have infused Rs.18.35 Crs during the year to pay term loan interest and installments. However, as on 31<sup>st</sup> March 2019, interest on term loan of Rs. 44.47 cr pertains to the month of December 2018 to March 2019 is overdue as on 31.03.2019. To overcome this situation, your company has submitted the resolution plan prepared by SBICAPS as per the guidelines issued by RBI vide its Circular dated 12<sup>th</sup> February 2018. However, Hon'ble Supreme Court struck down the RBI Circular dated 12th February 2018 vide it's judgment dated 02<sup>nd</sup> April 2019. As a result, the resolution plan could not be sanctioned and implemented by the lenders. The Company is awaiting the new circular to be issued by RBI to take further course of action for rescheduling of term loan.



## 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, 2019, 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 21<sup>st</sup> May, 2018, 28<sup>th</sup> August, 2018, 6<sup>th</sup> December, 2018 and 12<sup>th</sup> March, 2019.

### 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, 2019.

Name of the Director	Number of Board Meetings	
	Held	Attended
T.V. Sandeep Kumar Reddy	4	4
P.V. Krishna Reddy	1	1
C. Pedda Subbalaiah	1	1
M.V Narasimha Rao	4	3
G. Jagannadha Rao	4	4
K. Nageshwar Rao	3	3
Prem Kumar Pandey	3	1

### Audit Committee Meetings

During the year ended 31<sup>st</sup> March, 2019, one Audit Committee Meeting was convened and held. The date on which the Audit Committee meeting was held on 21<sup>st</sup> May, 2018.

### 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, 2019.

Name of the Director	Number of Audit Committee Meetings	
	Held	Attended
M.V Narasimha Rao	1	0
G. Jagannadha Rao	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:

- a. that in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. 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, 2019 and of the profit of the Company for the year ended on that date;
- c. 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;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f. 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. C. Peda Subbaiah has resigned as Director of the Company with effect from 1st June, 2018.

Mr. P.V. Krishna Reddy has resigned as Director of the Company with effect from 28th June, 2018.

Mr. K. Nageshwar Rao was appointed as an Additional Director of the Company in the category of Non- Executive Director with effect from 21st May, 2018.

Mr. Prem Kumar Pandey was appointed as an Additional Director of the Company in the category of Non- Executive Director with effect from 21<sup>st</sup> May, 2018.

Mr. G. Jagannadha Rao was appointed as Director of the Company in the category of Independent Director in the eighth AGM held on 28<sup>th</sup> August, 2018.

Mr. K. Nageshwar Rao was appointed as Director of the Company in the category of Non-Executive Director in the eighth AGM held on 28<sup>th</sup> August, 2018.

Mr. Prem Kumar Pandey was appointed as Director of the Company in the category of Non-Executive Director in the eighth AGM held on 28<sup>th</sup> August, 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 2019.

**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 2019.

**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.

**COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

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

During the financial year ending 31<sup>st</sup> March, 2019 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.

**29. COST AUDITOR**

M/s. DZR & Co, Cost and Management Accountants were appointed as Cost Auditor to audit the cost records of the Company for the financial year 2018-19.

**30. 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.

**31. 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.

**32. 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.

**33. 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.

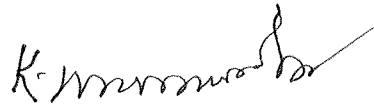
**34. ACKNOWLEDGEMENTS**

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: **22nd May, 2019**



**K. NAGESHWAR RAO**

**DIRECTOR**

**DIN: 01676677**



**T.V. SANDEEP KUMAR RREDY**

**DIRECTOR**

**DIN: 00005573**

## Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended 31.03.2019**  
**[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:ghl@gayatrihghways.com">ghl@gayatrihghways.com</a> , Tel: 040-23310330
Whether listed company	Unlisted
Name, address and contact details of Registrar and Transfer Agent, if any	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>			
<b>All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:</b>			
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					





Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	34,35,289	12,07,000	46,42,289	100	34,35,289	12,07,000	46,42,289	100	-

## 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	DLF	12,06,995	26.00	-	12,06,995	26.00	-	-
2	Gayatri Highways Limited	17,17,642	37.00	25.59	17,17,642	37.00	25.59	
3	Mr. T. V. Sandeep Kumar Reddy (Nominee of M/s. Gayatri Highways Limited)	1	0.00	-	1	0.0001	-	-
4	Mr. M.V. Narasimha Rao (Nominee of Gayatri Highways Limited)	1	0.00	-	1	0.0001	-	-
5	Mr. K. G. Naidu (Nominee of Gayatri Highways Limited)	1	0.00	-	1	0.0001	-	-
6	Mr. G. N. Mallikarjuna Rao (Nominee of Gayatri Highways Limited)	1	0.00	-	1	0.0001	-	-
7	Mr. K. Venkata Mohan (Nominee of Gayatri Highways Limited)	1	0.00	-	1	0.0001	-	-
8	Megha Engineering &	17,17,647	37.00	25.41	17,17,647	37.00	25.41	

	Infrastructures Ltd							
<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
	<b>At the beginning of the year</b>	-	-	-	-
	<b>Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):</b>	-	-	-	-
	<b>At the End of the year ( or on the date of separation, if separated during the year)</b>	-	-	-	-

**(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**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	13,39,15,05,000	-		13,39,15,05,000
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>13,79,62,07,978</b>	<b>-</b>		<b>13,79,62,07,978</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-			-
Reduction	39,16,44,908	-		39,16,44,908
<b>Net Change</b>	<b>(39,16,44,908)</b>	<b>-</b>		<b>(39,16,44,908)</b>
Indebtedness at				

the end of the financial year				
i) Principal Amount	12,95,97,55,000	-		12,95,97,55,000
ii) Interest due but not paid	44,48,08,070			44,48,08,070
iii) Interest accrued but not due	-	-		-
<b>Total (i+ii+iii)</b>	<b>13,40,45,63,070</b>	<b>-</b>		<b>13,40,45,63,070</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
<b>1.</b>	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	-	-	-
<b>2.</b>	Stock Option	-	-	-
<b>3.</b>	Sweat Equity	-	-	-
<b>4.</b>	Commission	-	-	-
	as % of profit	-	-	-
	others, specify...	-	-	-
<b>5.</b>	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
		<b>Mr. G. Jagannadha Rao</b>	<b>Mr. M.V. Narasimha Rao</b>	-
	-Fee for attending Board/Committee Meetings	30,000	20,000	<b>50,000</b>
	-Commission			
	- Others, please specify			
	<b>Total (B)(1)</b>	<b>30,000</b>	<b>20,000</b>	<b>50,000</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>30,000</b>	<b>20,000</b>	<b>50,000</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
<b>1.</b>	<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	-	-	-	-
<b>2.</b>	Stock Option	-	-	-	-
<b>3.</b>	Sweat Equity	-	-	-	-
<b>4.</b>	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify...	-	-	-	-
<b>5.</b>	Others, please specify	-	-	-	-
	<b>Total</b>	-	-	-	-

**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**



**K. NAGESHWAR RAO**  
**DIRECTOR**  
**DIN: 01676677**



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

Place: **Hyderabad**  
 Date: **22<sup>nd</sup> May, 2019**

## ANNEXURE-2

## 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**

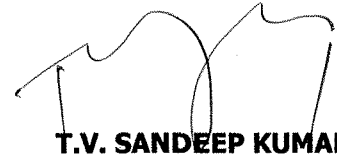
Date: **22<sup>nd</sup> May, 2019**



**K. NAGESHWAR RAO**

**DIRECTOR**

**DIN: 01676677**



**T.V. SANDEEP KUMAR REDDY**

**DIRECTOR**

**DIN: 00005573**

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
HKR Roadways Limited

### Report on the audit of the Standalone Ind AS Financial Statements

#### Opinion

We have audited the Standalone Ind AS financial statements of **HKR Roadways Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013 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, 2019, and its loss, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 10(b) in the financial statements, which indicates that the Company incurred a cumulative net loss of Rs. 3,02,51,07,664 upto March 31<sup>st</sup>, 2019 resulting in negative net-worth of the Company. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, as stated in Note 32, it has been represented by the management that the company's net worth has eroded primarily due to high amortization and high interest on term loans. The Management expects that the Company's revenue for the subsequent financial years will be sufficient to meet the expenditure and recoup the losses incurred thereby strengthening the financial position of the Company and the company will be able to discharge all its obligations in foreseeable future and therefore going concern assumption is appropriate for preparation of financial statements

Our opinion is not modified in respect of this matter.

#### Information Other than the Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's



Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibility of Management and Those Charged with Governance for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

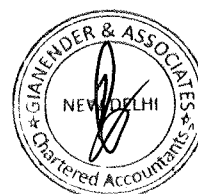
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due



to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



- d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) The company has paid remunerations to directors which is in conformity with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company does not have any pending litigations which would impact its financial position except those disclosed in financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



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

Place: New Delhi  
Date : 22<sup>nd</sup> May, 2019

**Annexure 'A' to the Independent Auditor's Report of HKR ROADWAYS LIMITED for the Year ended as on 31<sup>st</sup> March 2019**

**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 and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are 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 31st March 2019, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable except GST of Rs.9,01,213/-.

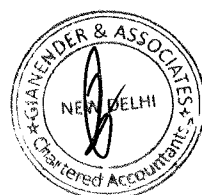


b. According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which have not been deposited on account of dispute.

viii. The company has taken term loans from various banks and a financial institution. During the year, the company has defaulted in repayment of principal amount of borrowings and interest thereon to the banks & financial institute as per the details given below .The Company has not taken any loans or borrowings from Government and has not issued any debentures during the year.

	<b>Banks</b>	<b>Financial Institutions</b>
Interest for the month of December 2018	7,58,81,128	91,97,415
Interest for the month of January 2019	12,02,95,973	1,64,47,725
Interest for the month of February 2019	10,89,13,968	1,48,23,268
Interest for the month of March 2019	11,40,81,225	1,62,67,368
Principal Repayment for the month of December 2018	3,20,00,000	1,35,75,000
Principal Repayment for the month of March 2019	10,08,00,000	1,35,75,000
<b>Total</b>	<b>52,08,72,294</b>	<b>8,38,85,776</b>


- 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 and hence clause 3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



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

Place: New Delhi  
Date: 22<sup>nd</sup> May, 2019



**ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT  
(Referred to in our Report 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 with reference to financial statements of **HKR Roadways Limited**("the Company") as of March 31, 2019 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

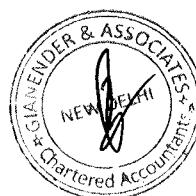
**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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 with reference to financial statements based on our audit. We conducted our audit in accordance with 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 Standalone Ind AS financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

### **Meaning of Internal Financial Controls With reference to financial statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements 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 Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS financial statements.

### **Inherent Limitations of Internal Financial Controls With reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to financial statements issued by the Institute of Chartered Accountants of India.

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

Place: New Delhi  
Date : 22<sup>nd</sup> May, 2019



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

# HKR Roadways Limited

Balance sheet as on 31 March 2019

(All amounts in ₹ unless otherwise stated)

	Notes	As at	
		31 March 2019	31 March 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	90,05,587	1,05,58,081
Intangible assets	4	14,05,29,77,194	13,70,98,81,820
Intangible assets under development	4	-	70,64,55,972
Other non-current assets	5	37,66,027	16,09,54,136
		<u>14,06,57,48,808</u>	<u>14,58,78,50,009</u>
<b>Current assets</b>			
Financial Assets			
- Cash and cash equivalents	6	1,15,52,628	71,49,871
- Other Financial Assets	7	26,95,816	6,31,816
Other current assets	8	2,59,54,069	74,12,811
		<u>4,02,02,513</u>	<u>1,51,94,498</u>
<b>Total assets</b>		<u><u>14,10,59,51,320</u></u>	<u><u>14,60,30,44,507</u></u>
<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	(3,02,51,07,664)	(2,70,12,48,687)
<b>Total Equity</b>		<u>(72,51,07,664)</u>	<u>(40,12,48,687)</u>
<b>Non-current Liabilities</b>			
Financial liabilities			
- Borrowings	11	12,71,93,55,000	13,39,15,05,000
Long-term provisions	12	11,91,861	15,83,225
		<u>12,72,05,46,861</u>	<u>13,39,30,88,225</u>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	11	24,04,00,000	-
- Other financial liabilities	13	1,86,58,38,656	1,60,01,08,208
Provisions	12	99,960	66,171
Other current liabilities	14	41,73,507	1,10,30,590
		<u>2,11,05,12,123</u>	<u>1,61,12,04,969</u>
<b>Total equity and liabilities</b>		<u><u>14,10,59,51,320</u></u>	<u><u>14,60,30,44,507</u></u>

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: 22 May 2019

For and on behalf of the Board

K. NAGESHWAR RAO

Director

DIN: 01676677

Place: Hyderabad

Date: 22 May 2019

T.V. SANDEEP KUMAR REDDY

Director

DIN: 00005573

Place: Hyderabad

Date: 22 May 2019

**HKR Roadways Limited**  
**Statement of Profit and Loss for the year ended 31 March 2019**  
(All amounts in ₹ unless otherwise stated)

	Notes	For the year ended	
		31 March 2019	31 March 2018
Revenue from operations			
- Toll operations	15	1,86,94,20,689	1,58,72,75,473
- Construction Income	15	75,10,109	50,41,57,618
Other income	16	11,52,925	3,10,334
Finance Income	17	-	1,66,86,757
<b>Total income</b>		<b>1,87,80,83,723</b>	<b>2,10,84,30,182</b>
<b>Expenses</b>			
Employee benefits expense	18	2,37,11,888	77,19,329
Depreciation and amortization expense	3&4	36,50,32,273	41,17,88,562
Finance costs	19	1,62,15,52,885	1,66,95,15,733
Other expenses	20	19,24,69,640	74,26,54,972
<b>Total expense</b>		<b>2,20,27,66,685</b>	<b>2,83,16,78,596</b>
<b>Loss before tax from continuing operations</b>		<b>(32,46,82,962)</b>	<b>(72,32,48,414)</b>
Current tax		-	-
<b>Profit/(Loss) for the year</b>		<b>(32,46,82,962)</b>	<b>(72,32,48,414)</b>
<b>Other comprehensive income</b>			
Re-measurement (loss)/gain on defined benefit plans		(8,23,985)	75,673
<b>Total comprehensive income for the period</b>		<b>(32,38,58,977)</b>	<b>(72,33,24,087)</b>
<b>Number of Equity Shares</b>		46,42,289	46,42,289
<b>Earnings per equity share (EPES)</b>			
Basic		(69.94)	(155.80)
Diluted		(69.94)	(155.80)

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: 22 May 2019

For and on behalf of the Board

  
**K. NAGESHWAR RAO**  
Director  
DIN: 01676677

Place: Hyderabad  
Date: 22 May 2019

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

Place: Hyderabad  
Date: 22 May 2019

**HKR Roadways Limited****Statement of Cash Flows for the year ended 31 March 2019**

(All amounts in ₹ unless otherwise stated)

	31 March 2019	31 March 2018
	INR	INR
<b>Operating activities</b>		
Profit/(loss) before tax	(32,38,58,977)	(72,33,24,087)
Depreciation on Fixed Assets	16,71,674	15,41,333
Amortisation of intangible assets	36,33,60,598	41,02,47,229
Finance income	-	(1,66,86,757)
Finance costs	1,62,15,52,885	1,66,95,15,733
<b>Changes in operating assets and liabilities</b>		
Increase/(decrease) in provisions	(3,57,575)	3,77,118
(Increase)/decrease in other current assets	13,86,46,851	6,86,16,012
(Increase)/decrease in other financial assets	(20,64,000)	2,99,27,095
Increase/(decrease) in trade and other payables	(68,57,083)	95,60,146
Increase/(decrease) in other financial liabilities	(4,86,99,643)	51,69,70,267
<b>Net cash flows from/(used in) operating activities</b>	<b>1,74,33,94,731</b>	<b>1,96,67,44,089</b>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(1,19,180)	(50,88,951)
Additions to intangible assets	-	(50,41,57,618)
Interest received (finance income)	-	1,66,86,757
Investment/maturity in fixed deposits	-	51,52,06,914
<b>Net cash flows from/(used in) investing activities</b>	<b>(1,19,180)</b>	<b>2,26,47,102</b>
<b>Financing Activities</b>		
Interest paid	(1,58,14,47,793)	(1,65,91,63,404)
Repayment of borrowings	(34,09,25,000)	(38,12,50,000)
Proceeds from unsecured borrowings	18,35,00,000	-
<b>Net cash flows from/(used in) financing activities</b>	<b>(1,73,88,72,793)</b>	<b>(2,04,04,13,404)</b>
Net increase in cash and cash equivalents	44,02,757	(5,10,22,213)
Cash and cash equivalents at the beginning of the year	71,49,871	5,81,72,084
<b>Cash and cash equivalents at year end</b>	<b>1,15,52,628</b>	<b>71,49,871</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	1,12,18,664	56,93,464
Balances with banks		
- in current accounts	3,33,964	14,56,407
<b>Cash and cash equivalents at year end</b>	<b>1,15,52,628</b>	<b>71,49,871</b>

As per our report of even date attached

For GIANENDER &amp; ASSOCIATES

Chartered Accountants

FRN: 004661N

Jeetender Kumbh Gupta

Partner

Membership No. 092547

Place: New Delhi

Date: 22 May 2019

For and on behalf of the Board

K. NAGESHWAR RAO

Director

DIN: 01676677

Place: Hyderabad

Date: 22 May 2019

T.V. SANDEEP  
KUMAR REDDY

Director

DIN: 00005573

Place: Hyderabad

Date: 22 May 2019

**HKR Roadways Limited****Statement of Changes in Equity for the year ended 31 March 2019**

(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 2018	46,42,289	4,64,22,890
At 31 March 2019	46,42,289	4,64,22,890

**(b) Other equity**


	Other Equity		Total
	Retained earnings	Security Premium Reserve	
<b>Balance as of 1 April 2018</b>	<b>(2,70,12,48,687)</b>	-	<b>(2,70,12,48,687)</b>
Profit/(Loss) for the year	(32,38,58,977)	-	(32,38,58,977)
Other comprehensive income	-	-	-
<b>Balance as of 31 March 2019</b>	<b>(3,02,51,07,664)</b>	-	<b>(3,02,51,07,664)</b>
<b>Balance as of 1 April 2017</b>	<b>(1,97,79,24,600)</b>	-	<b>(1,97,79,24,600)</b>
Profit/(Loss) for the year	(72,33,24,087)	-	(72,33,24,087)
Other comprehensive income	-	-	-
<b>Balance as of 31 March 2018</b>	<b>(2,70,12,48,687)</b>	-	<b>(2,70,12,48,687)</b>

As per our report of even date attached

For GIANENDER &amp; ASSOCIATES

Chartered Accountants

FRN: 004661N


  
Jeetender Kumar Gupta  
Partner

Membership No. 092547

Place: New Delhi

Date: 22 May 2019



For and on behalf of the Board



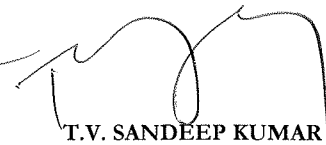
K. NAGESHWAR RAO

Director

DIN: 01676677

Place: Hyderabad

Date: 22 May 2019



T.V. SANDEEP KUMAR REDDY

Director

DIN: 00005573

Place: Hyderabad

Date: 22 May 2019

**HKR Roadways Limited**  
**Notes to financial statements for the period ended March 2019**

**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

<b>Items</b>	<b>Measurement basis</b>
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 period ended March 2019**

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**

The Company has adopted Ind AS 115 “Revenue from Contracts with Customers” with the date of initial application being April 1, 2018. Ind AS 115, revenue from contracts with customers, mandatory for reporting period beginning on or after April 1, 2018 replaced existing revenue recognition requirements i.e Ind AS 18 Revenue Recognition and Ind AS 11 Construction Contracts. There were no significant adjustments required to the retained earnings as on April 1, 2018.





**HKR Roadways Limited**  
**Notes to financial statements for the period ended March 2019**

Accordingly, the policy for Revenue is amended as under:

The Company derives revenue primarily from toll collection and other miscellaneous construction contracts. Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on completion of the performance obligation which largely coincides with actual toll collection from the user. Revenue from sale of smart cards is accounted on recharge basis. To recognize revenue, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation in the contract, and (5) recognize revenue when a performance obligation is satisfied.

At contract inception, the Company assesses its promise to transfer services to a customer to identify separate performance obligations.. The Company applies judgment to determine whether each service promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised services are combined and accounted as a single performance obligation. For performance obligations where control is transferred over time, revenue are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the services to be provided. The method for recognizing revenues and cost depends on the nature of the services rendered.

**Others**

Insurance and other claims are recognized as revenue on virtual certainty of receipt basis.

Dividend income is recognized when the right to receive is established. Other items of income are accounted as and when the right to receive arises and recovery is certain.

**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.





## **HKR Roadways Limited**

### **Notes to financial statements for the period ended March 2019**

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 of 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.

##### **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



**HKR Roadways Limited**  
**Notes to financial statements for the period ended March 2019**

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.

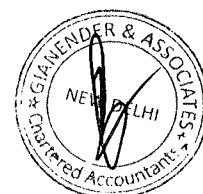
Intangible assets that are not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

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 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.



**HKR Roadways Limited**  
**Notes to financial statements for the period ended March 2019**

**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.

**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



**HKR Roadways Limited**  
**Notes to financial statements for the period ended March 2019**

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.

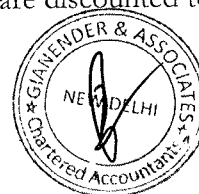
**2.12 Impairment of assets**

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
- (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



**HKR Roadways Limited**  
**Notes to financial statements for the period ended March 2019**

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.

**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



## **HKR Roadways Limited**

### **Notes to financial statements for the period ended March 2019**

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.

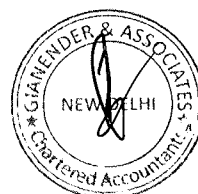
Debt instruments at FVTPL is a residual category for debt instruments and all changes are recognised in profit or loss.

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 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





## HKR Roadways Limited

### Notes to financial statements for the period ended March 2019

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.

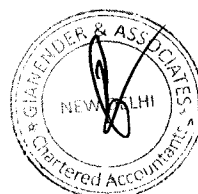
#### **c) Impairment of financial assets (Expected Credit Loss Model)**

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 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



## **HKR Roadways Limited**

### **Notes to financial statements for the period ended March 2019**

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.

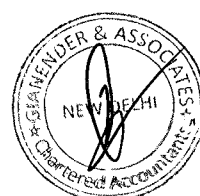
Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

#### **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.



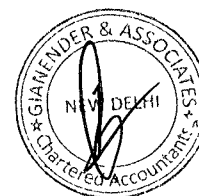
HKR Roadways Limited

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 2018 ::</b>						
<b>Gross carrying amount</b>						
Opening gross carrying amount	4,50,777	9,21,900	5,04,065	45,53,701	41,81,010	1,06,11,453
Additions	-	3,30,000	15,750	39,61,942	7,81,259	50,88,951
Transfers	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>4,50,777</b>	<b>12,51,900</b>	<b>5,19,815</b>	<b>85,15,643</b>	<b>49,62,269</b>	<b>1,57,00,404</b>
<b>Accumulated depreciation</b>						
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</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>4,89,773</b>	<b>15,811</b>	<b>55,17,708</b>	<b>43,51,545</b>	<b>1,05,58,081</b>
<b>Year ended 31st March 2019 ::</b>						
<b>Gross carrying amount</b>						
Opening gross carrying amount	4,50,777	12,51,900	5,19,815	85,15,643	49,62,269	1,57,00,404
Additions	-	1,19,180	-	-	-	1,19,180
Transfers	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>4,50,777</b>	<b>13,71,080</b>	<b>5,19,815</b>	<b>85,15,643</b>	<b>49,62,269</b>	<b>1,58,19,584</b>
<b>Accumulated depreciation and impairment</b>						
Opening accumulated depreciation	2,67,533	7,62,127	5,04,004	29,97,935	6,10,724	51,42,323
Depreciation charge during the year	35,744	2,13,843	7,469	10,84,507	3,30,110	16,71,674
<b>Closing accumulated depreciation and impairment</b>	<b>3,03,277</b>	<b>9,75,970</b>	<b>5,11,474</b>	<b>40,82,443</b>	<b>9,40,834</b>	<b>68,13,997</b>
<b>Net Carrying Amount</b>	<b>1,47,500</b>	<b>3,95,110</b>	<b>8,341</b>	<b>44,33,200</b>	<b>40,21,435</b>	<b>90,05,587</b>



**HKR Roadways Limited**

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

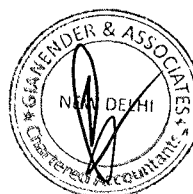
(All amounts in ₹ unless otherwise stated)

**4 Intangible Assets**

	Development Costs (Carriageway)	Intangible assets under development
<b><u>Year ended 31 March 2018</u></b>		
Gross carrying amount		
Opening Gross Carrying Amount	14,43,79,19,497	20,22,98,354
Additions- being internally developed	-	50,41,57,618
Disposals	-	-
<b>Closing gross carrying amount</b>	<b>14,43,79,19,497</b>	<b>70,64,55,972</b>
<b><u>Year ended 31 March 2019</u></b>		
Additions- being internally developed	70,64,55,972	-
Disposals	-	-
Capitalised during the year	-	70,64,55,972
<b>Closing gross carrying amount</b>	<b>15,14,43,75,469</b>	<b>-</b>
<b>Amortization and Impairment</b>		
As at 1 April 2017	31,77,90,448	-
Amortization	41,02,47,229	-
<b>As at 31 March 2018</b>	<b>72,80,37,677</b>	<b>-</b>
Amortization	36,33,60,598	-
Impairment	-	-
<b>As at 31 March 2019</b>	<b>1,09,13,98,275</b>	<b>-</b>
<b>Net Book Value</b>		
At 31 March 2019	14,05,29,77,194	-
At 31 March 2018	13,70,98,81,820	70,64,55,972
	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>Development Costs</b>	<b>14,05,29,77,194</b>	<b>13,70,98,81,820</b>
<b>Intangible assets under development</b>	<b>-</b>	<b>70,64,55,972</b>
<b>Total</b>	<b>14,05,29,77,194</b>	<b>14,41,63,37,792</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**

	<b>31 March 2019</b>	<b>31 March 2018</b>
Capital Advances/Advances- Gayatri Projects Ltd.	-	15,31,72,262
TDS Receivable	37,66,027	77,81,874
<b>Total</b>	<b>37,66,027</b>	<b>16,09,54,136</b>

**6 Cash and cash equivalents**

	<b>31 March 2019</b>	<b>31 March 2018</b>
Balances with banks		
- on current accounts	3,33,964	14,56,407
Cash on hand	1,12,18,664	56,93,464
<b>Total</b>	<b>1,15,52,628</b>	<b>71,49,871</b>

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

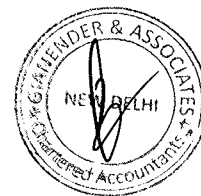
	<b>31 March 2019</b>	<b>31 March 2018</b>
Balances with banks		
- on current accounts	3,33,964	14,56,407
Cash on hand	1,12,18,664	56,93,464
<b>Total</b>	<b>1,15,52,628</b>	<b>71,49,871</b>

**7 Other Financial Assets**

	<b>31 March 2019</b>	<b>31 March 2018</b>
Retention Money receivable from Authority	26,95,816	6,31,816
<b>Total</b>	<b>26,95,816</b>	<b>6,31,816</b>

**8 Other Current Assets**

	<b>31 March 2019</b>	<b>31 March 2018</b>
Accrued Interest on Deposit at Electricity Dept.	-	91,512
Advance against Change of Scope works	1,68,56,000	-
Prepaid Expenses	26,60,199	24,01,447
Rental Deposit	1,80,000	2,95,500
Other Advances	62,57,870	46,24,352
<b>Total</b>	<b>2,59,54,069</b>	<b>74,12,811</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 2018	50,00,000	5,00,00,000
Increase/(decrease) during the year	-	-
At 31 March 2019	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 2018	46,42,289
Changes during the period	-	-
At 31 March 2019	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 2019		31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
Gayatri Highways Limited	17,17,647	37.00%	17,17,647	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.



HKR Roadways Limited

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

9 Share capital (continued...)

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

Particulars	As at 31.03.2019		As at 31.03.2018	
	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>

10 a) Instrument entirely equity in nature

	As at	
	31 March 2019	31 March 2018
<b>Loans from Promoters:</b>		
Gayatri Highways Ltd.	1,12,67,88,555	67,91,37,309
Gayatri Projects Ltd.	-	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

b) Other equity

	As at	
	31 March 2019	31 March 2018
<b>Retained earnings</b>		
Balance as per last audited financial statements	(2,70,12,48,687)	(1,97,79,24,600)
Add: Net loss for the year	(32,38,58,977)	(72,33,24,087)
<b>Balance at the end of the year</b>	<b>(3,02,51,07,664)</b>	<b>(2,70,12,48,687)</b>



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

(All amounts in ₹ unless otherwise stated)

**11 Borrowings**

	As at	
	31 March 2019	31 March 2018
<b><u>Non-current borrowings</u></b>		
<b>Term loans (Secured Loan)</b>		
From banks	11,21,14,35,000	11,80,21,35,000
From financial institutions	1,50,79,20,000	1,58,93,70,000
<b>Total non-current borrowings</b>	<b>12,71,93,55,000</b>	<b>13,39,15,05,000</b>
<b>Current maturities of Long term borrowings</b>		
From banks	73,76,00,000	50,40,00,000
From financial institutions	10,86,00,000	6,78,75,000
	<b>84,62,00,000</b>	<b>57,18,75,000</b>
<b>Total Current maturities of Long term borrowings</b>	<b>84,62,00,000</b>	<b>57,18,75,000</b>
<b><u>Current borrowings</u></b>		
From Banks - secured *	5,69,00,000	-
From related party-un secured **	18,35,00,000	-
<b>Total Current borrowings</b>	<b>24,04,00,000</b>	-
<b>Total Borrowings</b>	<b>13,80,59,55,000</b>	<b>13,96,33,80,000</b>

\* Short term loan from banks payable within 60 days

\*\* Short term loan from related party is payable on demand at zero percent interest.

**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..)

##### 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. 44,48,08,070/- and principal installment of Rs. 15,99,50,000/- as detailed below:

	Banks	Financial Institutions
Interest for the month of December 2018	4,47,81,128	91,97,415
Interest for the month of January 2019	12,02,95,973	1,64,47,725
Interest for the month of February 2019	10,89,13,968	1,48,23,268
Interest for the month of March 2019	11,40,81,225	1,62,67,368
Principal Repayment for December 2018	3,20,00,000	1,35,75,000
Principal Repayment for March 2019	10,08,00,000	1,35,75,000
<b>Total</b>	<b>52,08,72,294</b>	<b>8,38,85,776</b>

#### 12 Provisions

	As at	
	31 March 2019	31 March 2018
<b>Non-current</b>		
Provision for employee benefits		
-Gratuity, non-funded	11,91,861	15,83,225
<b>Current</b>		
Provision for employee benefits	99,960	66,171
-Gratuity, non-funded		

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



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

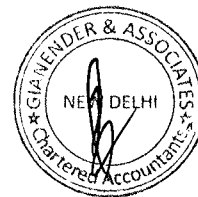
(All amounts in ₹ unless otherwise stated)

**13 Other financial liabilities**

	As at	
	31 March 2019	31 March 2018
Current maturities of Long term borrowings	84,62,00,000	57,18,75,000
Interest accrued and due on borrowings	44,48,08,070	40,47,02,978
Project Work Contractor Payable	43,58,60,851	47,96,22,857
Special retention money-related party	1,80,03,917	1,80,03,917
Retention money-related party	4,46,15,120	4,77,87,383
Utility shifting expenses payable-related party	1,19,19,813	1,19,19,812
Audit fee payable	4,56,618	4,56,618
Salaries payable	15,11,178	17,30,802
Independent consultant fee	2,20,15,963	2,20,15,963
Consultation charges payable	2,23,392	2,11,206
Legal and professional fees	2,45,664	2,45,664
Toll O&M Expenses Payable	1,87,96,681	1,98,49,856
Change of Scope (SCCL Overpass) advance	1,72,00,000	-
Other payables	39,81,389	2,16,86,152
	<b>1,86,58,38,656</b>	<b>1,60,01,08,208</b>

**14 Other Current Liabilities**

	As at	
	31 March 2019	31 March 2018
Statutory Liabilities		
TDS payable	11,73,794	1,09,72,040
Professional tax payable	3,900	4,550
GST payable	29,95,813	54,000
<b>Total</b>	<b>41,73,507</b>	<b>1,10,30,590</b>



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

(All amounts in ₹ unless otherwise stated)

	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>15 Revenue from operations</b>		
Revenue from sale of services		
- Toll operations	1,86,94,20,689	1,58,72,75,473
- Construction Income	75,10,109	50,41,57,618
	<u>1,87,69,30,798</u>	<u>2,09,14,33,091</u>
<b>16 Other income</b>		
Interest on income tax refund	10,42,705	-
Other income	1,10,220	3,10,334
	<u>11,52,925</u>	<u>3,10,334</u>
<b>17 Finance Income</b>		
Interest on Fixed Deposits	-	1,55,74,514
Income from Mutual Funds	-	11,12,243
	<u>-</u>	<u>1,66,86,757</u>
<b>18 Employee benefits expense</b>		
Salaries and wages	2,32,45,478	74,17,884
Gratuity	4,66,410	3,01,445
	<u>2,37,11,888</u>	<u>77,19,329</u>

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:

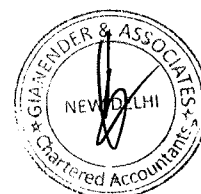
Current Service Cost	3,43,570	2,00,859
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	1,22,840	1,00,586
Total included in 'Employee Benefit Expense'	<u>4,66,410</u>	<u>3,01,445</u>

Expenses deducted from the fund	-	-
<b>Total Charge to P&amp;L</b>	<u>4,66,410</u>	<u>3,01,445</u>

**Other Comprehensive Income for the current period**

Components of actuarial gain/losses on obligations:

Due to change in financial assumptions	19,019	50,351
Due to experience adjustments	(8,43,004)	25,322
<b>Amount recognized in Other Comprehensive Income</b>	<u>(8,23,985)</u>	<u>75,673</u>



**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 2019	31 March 2018
<b>Defined Benefit Obligation</b>		
Opening defined benefit obligation	16,49,396	12,72,278
Current Service Cost	3,43,570	2,00,859
Net interest expense	1,22,840	1,00,586
Components of actuarial gain/losses on obligations		
Due to change in financial assumptions	19,019	50,351
Due to experience adjustments	(8,43,004)	25,322
Benefits paid	-	-
Closing defined benefit obligation	12,91,821	16,49,396
<b>Bifurcation of liability as per schedule III</b>		
Current Liability	99,960	66,171
Non-current liability	11,91,861	15,83,225

**Principal Actuarial Assumptions**

	For the year ended	
	31 March 2019	31 March 2018
Discounting Rate	7.45%	7.60%
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%	11,72,888	15,28,150
(% change)	-9.21%	-7.35%
Decrease by 1%	14,30,741	17,87,469
(% change)	10.75%	8.37%

Salary Growth Rate Sensitivity

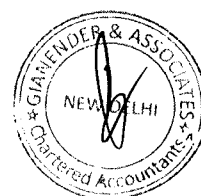
Increase by 1%	14,22,681	17,54,670
(% change)	10.13%	6.38%
Decrease by 1%	11,68,759	15,14,032
(% change)	-9.53%	-8.21%

Withdrawal Rate (W.R.) Sensitivity

W.R. x 101%	12,93,049	16,80,270
(% change)	0.10%	1.87%
W.R. x 99%	12,90,596	16,14,253
(% change)	-0.09%	-2.13%

**19 Finance Cost**

	31 March 2019	31 March 2018
Interest on term loans	1,61,76,58,885	1,66,71,61,733
Other	38,94,000	23,54,000
	1,62,15,52,885	1,66,95,15,733



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

(All amounts in ₹ unless otherwise stated)

**20 Other expenses**

	<b>31 March 2019</b>	<b>31 March 2018</b>
Construction Expenses	84,11,322	50,41,57,618
Toll operation expenses	7,45,45,733	7,51,40,502
Power and fuel	1,25,91,540	1,40,55,603
Insurance	49,57,401	26,80,939
Cash handling charges	25,20,480	31,13,434
Repair & Maintenance expenses	6,03,95,867	12,03,68,403
Plantation expense	1,06,64,213	87,42,593
Lenders' Independent Engineer (LIE) Fee	28,32,000	28,14,000
Other O&M expenses	32,96,505	26,51,238
Bank charges	27,162	28,007
Communication expenses	2,80,170	1,80,231
Travelling and conveyance	6,66,350	10,36,913
Rates and taxes	19,347	15,500
Office maintenance	3,99,661	8,52,189
Computer maintenance	8,330	12,744
Sitting fees	59,000	33,600
Professional and consultancy charges (refer not below)	95,10,965	64,23,956
Misc. Expenses	12,83,594	3,47,502
	<b>19,24,69,640</b>	<b>74,26,54,972</b>

**Payments to the auditor .**

	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>Professional Charges includes Auditor Fee as below:</b>		
As auditor		
Audit fees (inclusive of service tax)	4,13,000	4,13,000
Tax audit fees (inclusive of service tax)	59,000	59,000
In other capacity		
Other services	97,940	1,39,440
<b>Total</b>	<b>5,69,940</b>	<b>6,11,440</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 2019	31 March 2018
Net Profit/(loss) after tax attributable to equity shareholders (A)	(32,46,82,962)	(72,32,48,414)
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>(69.94)</b>	<b>(155.80)</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:

Towards EPC Cost Rs. 126,12,98,177 (Previous year Rs.126,12,98,177)

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 of Megha Engineering & Infrastructures Ltd.
K. Nageshwar Rao	Director
Prem Kumar Pandey	Director
G. Jagannadha Rao	Director
M.V. Narasimha Rao	Director

**b. Transactions with related parties**

	<u>For the year ended</u>	
	<u>31 March 2019</u>	<u>31 March 2018</u>
Megha Engineering & Infrastructures Ltd-short term loan received	16,20,00,000	-
Gayatri Highways Ltd.-Reimbursement of expenses	-	4,20,577
Gayatri Highways Ltd.-Short term loan received	2,15,00,000	-
Gayatri Projects Ltd.-Short term loan received	21,00,000	-
Sitting Fees paid to directors:		
G. Jagannadha Rao	30,000	5,000
Bajrang Lal Gupta	-	10,000
M.V. Narasimha Rao	20,000	15,000

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

	<u>For the year ended</u>	
	<u>31 March 2019</u>	<u>31 March 2018</u>
Megha Engineering & Infrastructures Ltd.		
Unsecured loan	(1,12,67,88,555)	(1,12,67,88,555)
Short Term Loan	(16,20,00,000)	-
Retention Money payable	(3,71,77,851)	(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)
Short Term Loan	(21,00,000)	-
EPC Advances	-	15,31,72,262
Utilities shifting and change of scope payable	(44,05,144)	(1,50,14,675)
Gayatri Highways Ltd		
Short Term Loan	(2,15,00,000)	-
Unsecured loan	(1,12,67,88,555)	(67,91,37,309)
Re-imburement of expenses	5,30,177	6,30,177



## 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 2019	31 March 2018
<b>Financial assets</b>		
- Cash and cash equivalents	1,15,52,628	71,49,871
- Other Financial Assets	26,95,816	6,31,816
<b>Total</b>	<b>1,42,48,444</b>	<b>77,81,687</b>
<b>Financial liabilities</b>		
Long Term Borrowings	13,56,55,55,000	13,96,33,80,000
Short Term Borrowings	24,04,00,000	-
Other Financial Liabilities	1,01,96,38,656	1,02,82,33,208
<b>Total</b>	<b>14,82,55,93,656</b>	<b>14,99,16,13,208</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 is 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 2019	31 March 2018
Debt from Banks and Financial Institutions - Variable rate borrowings	13,80,59,55,000	13,96,33,80,000

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	As at	
	31 March 2019	31 March 2018
Increase or decrease in interest rate by 25 basis points	3,47,11,669	3,53,85,013

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.

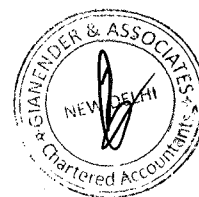
The company measures risk through sensitivity analysis.

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 2019.

##### 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 company generally does not have trade receivables as collection of toll income coincide as and when the traffic pass through toll-plazas. Hence the management believes that the company is not exposed to any credit risk.



**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 2019	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>					
Long term borrowings	13,56,55,55,000	2,13,03,73,145	2,42,43,01,837	8,46,65,58,317	7,83,08,90,827
Short term borrowings	24,04,00,000	24,04,00,000	-	-	-
Other Financial Liabilities	1,01,96,38,656	1,01,96,38,656	-	-	-

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-Long term	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	-	-	-

**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 2019	31 March 2018
Debts	14,25,07,63,070	14,36,80,82,978
Less: Cash and Bank Balances	(1,15,52,628)	(71,49,871)
<b>(A)</b>	<b>14,23,92,10,442</b>	<b>14,36,09,33,107</b>
Equity & Other equity (B)	(72,51,07,664)	(40,12,48,687)
Net Debt / Total Capital (A/B)	(19.64)	(35.79)

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



**HKR Roadways Limited**

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

(All amounts in ₹ unless otherwise stated)

**30 Disclosure pursuant to Ind AS 115 - " 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 "DBFOI" Pattern. The company has entered into a Concession Agreement with Chief Engineer, R&D Department, Govt. of Telangana (earlier 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.

**Disclosure pursuant to Ind AS 115 - " Service Concession Arrangements" (cont..)**

**30.2. Significant Terms of the arrangements**

**Receipt of Grant:**

As per the Article 25 of the Concession Agreement, 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 Concession Agreement.

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

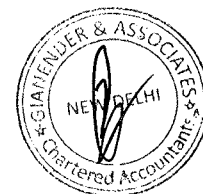
At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

**Details of Termination**

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

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

	As at	
	31 March 2019	31 March 2018
Finance Cost	1,62,15,52,885	1,66,95,15,733
Less : Capitalized during the year	-	-
Finance Cost charged to Statement of P/L	1,62,15,52,885	1,66,95,15,733



## HKR Roadways Limited

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

(All amounts in ₹ unless otherwise stated)

- 32 The Company operates in the infrastructure business sector which involves huge capital investments. The high gestation period required for break even for such infra structure investments is sufficiently addressed due to the long concession life of this project. The balance concession period is 17 years. The company's net worth has eroded primarily due to high Amortisation and high interest cost on term loans. The Management expects that the Company's revenue for the subsequent financial years will be sufficient to meet the expenditure and recoup the losses incurred thereby strengthening the financial position of the Company. Accordingly, the financial statements have been prepared on going concern basis.

Since, the company expects sufficient cash inflows from the toll collections in future, impairment in the value of the toll collection rights is not envisaged due to the below mentioned reasons :

1. The average toll collections per day has increased from Rs. 43.48 lacs per day in Financial Year 2017-18 to Rs. 49.75 lacs per day in Financial Year 2018-19.
2. The company has recently conducted TEV study and based on the report, the SBI Capitals Markets Ltd has prepared the Resolution Plan in which the estimated toll collections in balance concession period is sufficient to meet the lender's obligations and other operation and maintenance obligations.

### 33 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"

### 34 Events after the reporting period

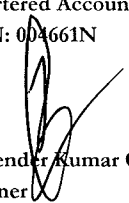
There are no significant events after the reporting period that substantially affect the financial position of the company.

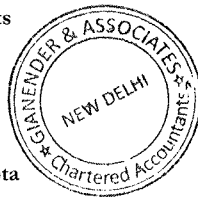
### 35 Comparatives

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

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  
Jeetender Kumar Gupta




Place: New Delhi  
Date: 22 May 2019

For and on behalf of the Board

  
K. NAGESHWAR RAO  
Director  
DIN: 01676677

Place: Hyderabad  
Date: 22 May 2019

  
T.V. SANDEEP KUMAR REDDY  
Director  
DIN: 00005573

Place: Hyderabad  
Date: 22 May 2019