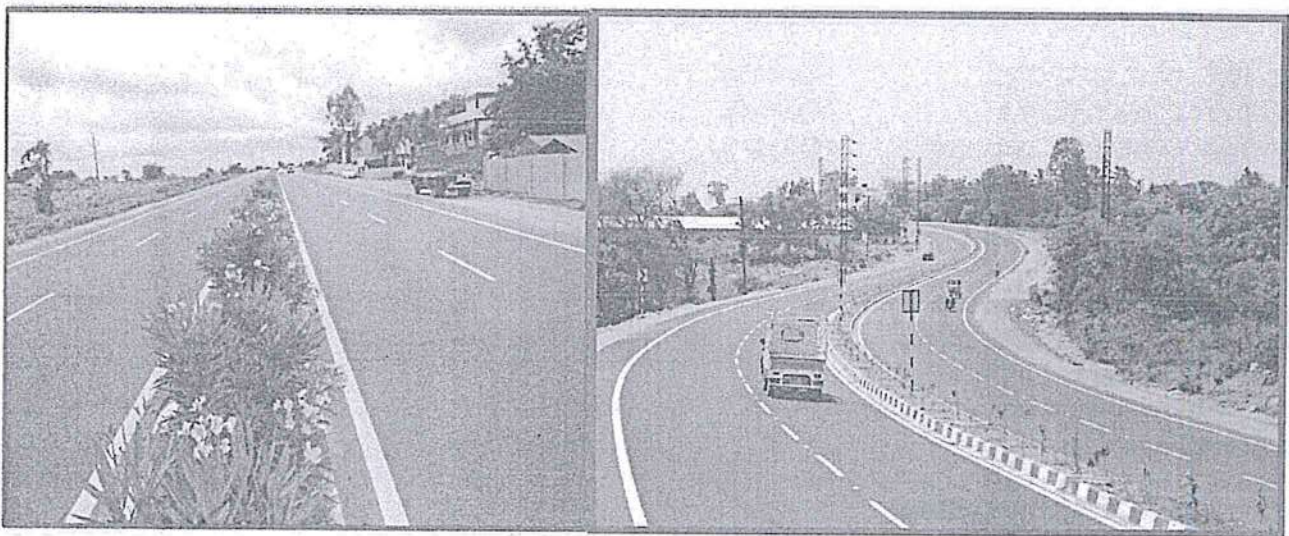


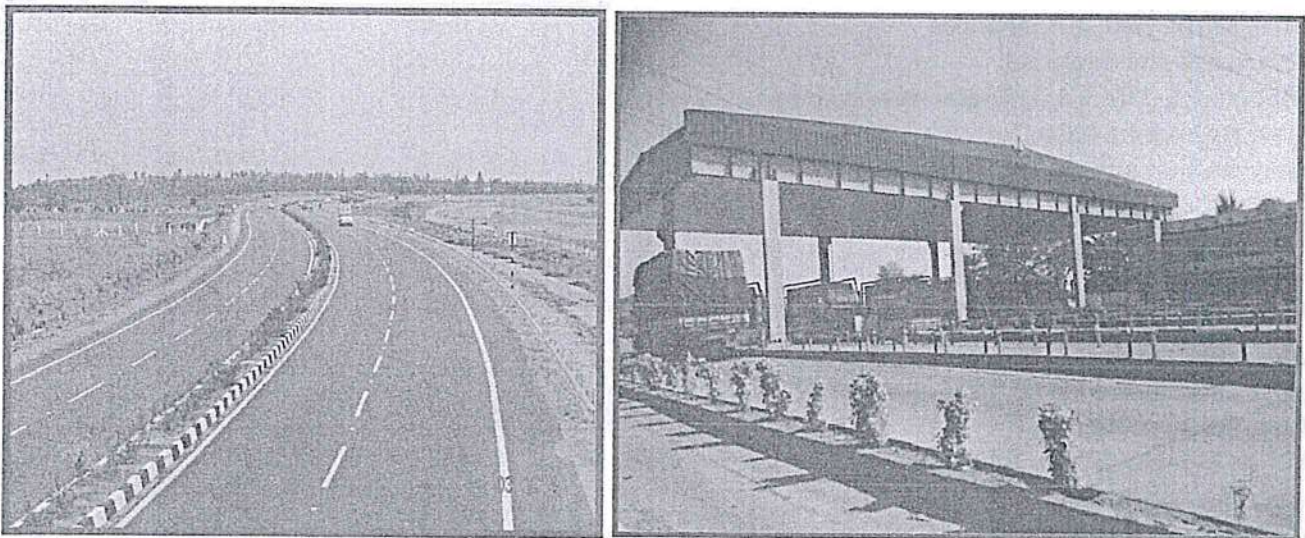


HKR ROADWAYS LIMITED

10TH ANNUAL REPORT 2019-20



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**

Mr. T.V. Sandeep Kumar Reddy	Director
Mr. K. Nageshwar Rao	Director
Mr. Prem Kumar Pandey	Director
Mr. G. Jagannadha Rao	Independent Director
Mr. M.V. Narasimha Rao	Independent Director

AUDIT COMMITTEE

Mr. Mr. G. Jagannadha Rao	Chairman
Mr. M.V. Narasimha Rao	Member
Mr. T.V. Sandeep Kumar Reddy	Member

NOMINATION AND REMUNERATION COMMITTEE

Mr. M.V. Narasimha Rao	Chairman
Mr. G. Jagannadha Rao	Member
Mr. T.V. Sandeep Kumar Reddy	Member

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

CIN: 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,
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 Board of Directors have immense pleasure in presenting the 10th Annual Report of your Company and is prepared based on the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2020.

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 20th 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.

1. STATE OF COMPANY AFFAIRS

(a) FINANCIAL SUMMARY

The following table shows the Financial Summary of the Company for the year ended 31st March 2020:

S. No.	Particulars	For the year ended 31.03.2020 (in Rs.)	For the year ended 31.03.2019 (in Rs.)
1)	INCOME		
	Toll Operations	1,71,03,30,573	1,86,94,206,89
	Construction Income	15,77,38,501	75,10,109
	Other Income		11,52,925
	Finance Income	64,03,740	-
	TOTAL	1,87,44,72,814	1,87,80,83,723
2)	EXPENDITURE		
	Employee Benefits Expense	2,53,03,540	2,37,11,888
	Depreciation & Amortization expense	47,90,79,009	36,50,32,273
	Finance Costs	1,63,27,14,095	1,62,15,52,885
	Other Expenses	23,26,68,049	18,40,58,318
	Construction expenses	15,77,38,501	84,11,322
	TOTAL	2,52,75,03,194	2,20,27,66,685
3)	PROFIT / (LOSS) BEFORE TAX	(65,30,30,380)	(32,46,82,962)
	Provision for Taxation:	-	-

	- Current Tax	-	-
4)	PROFIT / (LOSS) AFTER TAX	(65,30,30,380)	(32,46,82,962)
	Other comprehensive income	(9,77,610)	8,23,985
5)	Total comprehensive income for the period	(65,40,07,990)	(32,38,58,977)
	Number of Equity Shares	46,42,289	46,42,289
	Earning (Loss) per Share		
	- Basic	(140.67)	(69.94)
	- Diluted	(140.67)	(69.94)

(b) 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 1st June 2014. Out of the total project stretch of around 207 kms, your Company has completed 202.488 kms up to 31st 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. 1st 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.

All amounts are in Rupees.

Toll Plaza – 1:

	Rates applicable up to 01 st June 2020			Rates applicable w.e.f. 1 st June 2018		
	Single Trip	Daily Pass	Monthly Pass	Single Trip	Daily Pass	Monthly Pass
Car	62	93	1860	59	88	1770
LCV	123	184	3690	118	177	3540
Truck/Bus	247	370	7410	236	354	7080
MAV/HCV	616	924	18480	589	883	17670

Toll Plaza – 2:

	Rates applicable up to 01 st June 2020			Rates applicable w.e.f. 1 st June 2018		
	Single Trip	Daily Pass	Monthly Pass	Single Trip	Daily Pass	Monthly Pass
Car	57	85	1710	54	81	1620
LCV	114	171	3420	109	163	3270
Truck/Bus	228	342	6840	218	327	6540
MAV/HCV	570	855	17100	544	816	16320

Toll Plaza – 3:

	Rates applicable up to 01 st June 2020			Rates applicable w.e.f. 1 st June 2018		
	Single Trip	Daily Pass	Monthly Pass	Single Trip	Daily Pass	Monthly Pass
Car	58	87	1740	56	84	1680
LCV	117	175	3510	111	166	3330
Truck/Bus	233	349	6990	223	334	6690
MAV/HCV	583	874	17490	557	835	16710

The Toll Collections for the Financial Year 2019-20 vis-à-vis 2018-19 is tabulated below:

S. No.	Particulars	Toll Collections (FY: 2019-20) (Rs. in Cr)	Toll Collections (FY: 2018-19) (Rs. in Cr)
1	Toll Plaza-1	69.82	75.40
2	Toll Plaza-2	58.29	61.69
3	Toll Plaza-3	42.92	44.50
4	Demonetization Claim Received	-	5.35
	Total	171.03	186.94

During the financial year 2019-20, the daily average collections were Rs. 47.24 lacs which was less than the previous year average of Rs. 51.21 lac. 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 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 on account of Lock down in the country from 21st March 2020 to 19th April 2020 due to Covid-19 pandemic in the country .

(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 Company is obliged to perform major maintenance activity in case of any deterioration of carriageway and paved shoulders. Since the Company has started operation from 1st June 2014 and has completed 5 years of operation, many of the project stretches were in deteriorated condition due to wear and tear. Hence, the major maintenance works were taken up by the Company during the financial year. The works were in progress at the end of the year.

(d) GRANT

The details of Grant received by your Company upto 31st March 2020 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 st March 2020	261.62	175.63	437.25
3	Balance Grant to be received	10.02	6.73	16.75

(e) TERM LOANS:

The following table shows the Term Loan outstanding as on 31st March 2020:

Rs. in Crores

S. No.	Name of the Lender	Term Loan Committed	Disbursement received	Repayment	Term Loan Outstanding	Interest Outstanding	Total Outstanding
		a	b	c	d=b-c	e	f=d+e
1	Canara Bank	300.00	288.93	25.50	263.43	26.18	289.61
2	Oriental Bank of Commerce	200.00	192.62	17.00	175.62	17.28	192.90
3	Corporation Bank	200.00	192.62	17.00	175.62	17.56	193.18
4	Indian Overseas Bank	200.00	192.62	17.00	175.62	17.08	192.70
5	IIFCL	181.00	174.32	15.38	158.94	15.79	174.73
6	Andhra Bank	144.00	138.68	12.24	126.44	12.62	139.06
7	Indian Bank	100.00	96.33	8.50	87.83	8.73	96.56
8	United Bank of India	100.00	96.33	8.50	87.83	8.60	96.43
9	Bank of Baroda	100.00	96.33	9.25	87.08	6.82	93.90
	Total	1525.00	1468.78	130.37	1338.41	130.66	1469.07

Your Company has remitted Term Loan Installment up to 31st March 2019 to all lenders except up to June 2019 to Bank of Baroda. The interest on term loan was paid to all lenders fully up to May 2019 and partially for the month of June 2019. The interest on term loan up to July 2019 was paid to Bank of Baroda. The lenders have placed the account on NPA category.

2. FUTURE OUTLOOK

One Time Settlement (OTS) through Change in Management

The members are aware that the Company had a discussion with the Executive Director and senior officials of the Canara Bank on 30th October 2019 at their Head Office, Bengaluru. In the meeting, it has been agreed to settle all the dues to the lenders (current & future) as a onetime measure by way of change in management for an amount of Rs. 750 Crore (Rupees Seven Hundred and Fifty Crore Only).

The Company had submitted the proposal to the lead bank vide letter dated 01.11.2019 for approval by the Lead Bank and other consortium of lenders. Subsequently, in the consortium meeting dated 23.12.2019 the lenders have requested the Company to submit the comprehensive proposal.

The Company vide its letter dated 17.01.2020 has submitted its proposal for full and final One Time Settlement (OTS) of all existing, past and future dues, including penalties if any, processing charges, late payment charges etc for an amount of Rs.750 crore. The Company has also informed the lenders about the new investor - Kotak Investment Advisory Limited (KIAL) who are willing to invest in the Project through change in management mechanism. The term sheet of KIAL was also shared with the Lenders. The matter was discussed in detail in the Consortium Meeting held on 27.01.2020 and have decided to take up the proposal of OTS and running the Swiss Challenge Process for price discovery with their competent authority for approval.

The Consortium Lenders have approved for appointment of Consultants appointed by KIAL for Due Diligence. The following Consultants were appointed by KAIL for due diligence:

S. No.	Consultants	Description
1	Feedback Infra Private Limited	Traffic Study and Technical Due Diligence
2	Deloitte	Financial and Tax Due Diligence
3	Shardul Amarchand Mangaldas & Co	Legal Due Diligence and Documentation Services

Subsequent to the consortium meeting held on 27.01.2020, the Lead Lender - Canara Bank had taken up the proposal with their competent authority for approval of One Time Settlement of Rs.750 Crore with price discovery under Swiss Challenge Method. However, the Competent Authority has sanctioned the One Time Settlement of entire term loan for Rs. 800 Crore vide their letter dated 16.03.2020 and 13.05.2020 with the cut off date from 01.11.2019.

The Company has accepted the above offer vide HKR letter dated 20.05.2020 and expressed that the Sponsors/ Promoters are agreeing to settle all the dues to the lenders as a full and final, One Time Settlement, without any further recourse to the project company, promoters and sponsors, for an aggregate amount of Rs.800 Crs (Rupees Eight Hundred Crore Only), as per the above referred Canara Bank sanction letters. Upon payment of the OTS Amount of Rs.800 Crs by the Company, all the liabilities towards the existing Lenders, contingent or crystallised, stand irrevocably extinguished including outstanding principal, interest due and

payable, accrued and unpaid interest, penal interest and other charges and the Lenders have no further claim of any nature against the Company, Promoters and Sponsors.

Current status of the OTS Proposal with the Consortium Lenders:

- a. The Lenders have decided to appoint Financial consultant for running the Swiss Challenge process. They are in the process of obtaining quotations from the interested parties.
- b. Canara Bank has approved the OTS proposal for Rs.800 Crore with price discovery under Swiss Challenge method.
- c. Canara Bank has circulated their sanction note to the other consortium Lenders for aligning the terms and conditions with the Lead Bank and taking the approval with their competent authority.

3. Impact Of Covid-19 On Performance Of The Company

The members are well aware that the new corona virus (COVID -19) has spread to nearly every country in the world since it first emerged in China at the beginning of the year. A large number of people are infected and died all over the world and in our Country.

The Government of India initiated serious steps to contain the Covid-19. On 19.03.2020, the Prime Minister of India requested the citizens of the Country to strictly observe the "Janata Curfew" from 22.03.2020 in his National Speech. Further, the Government of India has ordered for a complete lockdown for 21 days from 25.03.2020 to 14.04.2020. Since, the numbers of infections are increasing day by day; the Central Govt. as well as all the State Governments has again extended the lockdown period till 03.05.2020 with a conditional relaxation for the regions where the spread had been contained. On 1 May, the Government of India extended the nationwide lockdown further by two weeks until 17 May. The Government has divided the entire nation into three zones—green, red and orange—with relaxations applied accordingly. On 17 May 2020, nationwide lockdown was further extended till 31 May, 2020 by National Disaster Management Authority.

We all are aware of the fact that the entire world is collectively entangled in fighting the Coronavirus/ COVID-19 pandemic, businesses are facing several financial and physical hardships due to the mandatory government lockdowns. With there being no visibility regarding the duration of the lockdown coupled with the fact that no known cure or vaccine is available to fight the pandemic, everyone is left with great deal of uncertainty and anticipation over the 'new normal'.

Impact on Company's business:

The extended lockdown to contain the COVID-19 pandemic, which has stalled traffic on the ground as in the air, has led to the enormous losses on the Infrastructure industry. The National Highways Authority of India (NHAI), the nodal agency for the roads sector has stopped toll collections up to April 20, 2020, after the government imposed the nationwide lockdown on March 25, 2020. Followed by NHAI, the R&D Department, Govt. of Telangana has also stopped the toll collections on HKR Road.

Since, the voluntary public curfew observed on 22nd March 2020, followed by the nationwide lockdown from 25th March 2020, the Toll collections of our project was drastically reduced from 22nd March 2020 up

to 27th March 2020. With effect from 28th March 2020, the Toll Collection was suspended by the Govt of India up to 19th April 2020. Due to series of lockdowns, the Company has suffered a severe loss in toll revenue of approx Rs. 4.80 Crore in FY2019-20.

Further, the Company has also suffered toll revenue loss of approximately of Rs. 18.85 Crore during the month of April and May 2020 due to suspension of toll collection and national wide lockdown due to corona virus. According to the present trend of toll collections, we expect that the Toll Collections for the FY: 2020-21 will have a little impact and the Company is confident that it will achieve targeted revenue during the year 2020-21.

The duration and impact of the COVID-19 pandemic remains unclear at present as on book closure date. Hence, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods. However, the company is protected by the Concession Agreement to claim such loss under force majeure event in the form of revenue loss compensation by way of claiming the loss of toll revenue from the R&B department, Govt. of Telangana or by way of extension of the concession period. The Company is contemplating to submit a claim to the R&B Department, Govt. of Telangana for the loss suffered due to suspension of toll collections. Accordingly, the financial position and results of operations as of and for the year ended 31st March 2020 have not been adjusted to reflect their impact.

4. EXTRACT OF ANNUAL RETURN

The Extracts of Annual Return is prepared in Form No.MGT.9 as per the provisions of Section 92(3) of the Companies Act, 2013 ["Act"] read with Rule 12 of Companies (Management and Administration) Rules, 2014, and the same is annexed as **Annexure-1**.

5. BOARD MEETINGS

During the year ended 31st March, 2020, the minimum number of Four Board Meetings were convened and held. The intervening gap between the two consecutive Meetings was within the period prescribed under the Companies Act, 2013.

The dates on which the Board meetings were held are 22nd May, 2019, 09th August, 2019, 23rd October, 2019 and 28th January, 2020.

Attendance of Directors at the meetings:

The details of the attendance of the Directors at the Board meetings held during the year ended 31st March, 2019.

Name of the Director	Number of Board Meetings	
	Held	Attended
T.V. Sandeep Kumar Reddy	4	3
M.V Narasimha Rao	4	3

G. Jagannadha Rao	4	3
K. Nageshwar Rao	4	4
Prem Kumar Pandey	4	3

Audit Committee Meetings

During the year ended 31st March, 2020, Four Audit Committee Meetings were convened and held. The dates on which the Audit Committee meetings were held are 22nd May 2019, 09th August 2019, 23rd October 2019 and 28th January 2020.

Attendance of Members at the meetings:

The details of the attendance of the Directors at the Audit Committee meetings held during the year ended 31st March, 2020.

Name of the Director	Number of Audit Committee Meetings	
	Held	Attended
T.V. Sandeep Kumar Reddy	4	4
G. Jagannadha Rao	4	3
M.V Narasimha Rao	4	4

Nomination & Remuneration Committee Meetings

There were no meetings held during the year ended 31st March, 2020.

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual accounts for the year ended 31st March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that such accounting policies were selected 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 31st March, 2020 and of the profit of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a going concern basis;
- that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- that directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such system were adequate and operating effectively.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

There were no Directors, KMP appointed or resigned during the year.

No Independent Director was appointed during the period, so a statement regarding opinion of the Board with regard to integrity, expertise and experience including the proficiency is not applicable.

8. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS

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

9. RE-APPOINTMENTS

Mr. K. Nageshwar Rao Director of the Company is retiring by rotation and being eligible, offers himself for re-appointment.

10. 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 including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub-section (3) of Section 178 of the Act.

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.

11. AUDITOR'S REPORT

There are no qualifications in the Auditors Report. No fraud has been reported by the Auditors

12. 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.

13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with the related parties referred to in Section 188 of the Act are given in the Form **AOC – 2**, and is annexed as **Annexure-2**.

14. TRANSFER OF AMOUNT TO RESERVES

The Company does not propose to transfer any amount to any reserves for the financial year ended 31st March, 2020.

15. DIVIDEND

The Board of Directors does not recommend any dividend on the Equity Shares for the financial year ended 31st March 2020.

16. MATERIAL CHANGES AND COMMITMENTS

There are no material changes 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.

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

Information and details relating to conservation of energy and technology absorption do not apply to the Company and there are no foreign exchange earnings and outgo during the period.

18. 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 01st 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.

19. 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.

20. 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, independent directors by the entire Board of Directors and as well as the evaluation of the working of its Audit Committee, and Nomination & Remuneration Committees.

21. 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.

22. SUBSIDIARY COMPANIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATE COMPANIES

During the financial year ending 31st March, 2020 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.

23. CONSOLIDATED FINANCIAL STATEMENTS

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

24. 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, so the statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures is not applicable.

25. DEPOSITS

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

26. 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 during the period.

27. STATUTORY AUDITORS

At the Annual General Meeting held on 26th 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.

28. 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 2019-20.

29. MAINTENANCE OF COST RECORDS

The Company is maintaining the Cost Records as specified by the Central Government under Section 148 of the Act.

30. PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 of the Act 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 Regulatory, Professional & Local Bodies, Bankers, Financial Institutions, Statutory Auditors, Customers, Consultants, Service Providers and Members for their constant continuous help, co-operation and support, and the Members for their confidence in the management of the Company.

For and on behalf of the Board of Directors

Place: **Hyderabad**

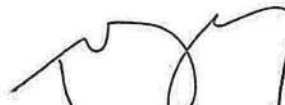
Date: **18th June, 2020**



K. NAGESHWAR RAO

DIRECTOR

DIN: 01676677



T.V. SANDEEP KUMAR RREDY

DIRECTOR

DIN: 00005573

ANNEXURE – 1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended 31.03.2020
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:	
CIN	U45203TG2010PLC069897
Registration Date	9 th 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: ghl@gayatrihighways.com , 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: bsshyd@bigshareonline.com , Tel: 040- 2337 4967

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

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

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

[illegible]

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 & Infrastructures Ltd	17,17,647	37.00	25.41	17,17,647	37.00	25.41	
Total		46,42,289	100	51	46,42,289	100	51	-

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

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	13,62,24,55,000	18,35,00,000		13,80,59,55,000
ii) Interest due but not paid	44,48,08,070	-		44,48,08,070
iii) Interest accrued but not due	-	-		-
Total (i+ii+iii)	14,06,72,63,070	18,35,00,000		14,25,07,63,070
Change in Indebtedness during the financial year				
Addition	-			-
Reduction	(62,35,01,004)	35,00,000		(62,00,01,004)
Net Change	62,35,01,004	35,00,000		62,70,01,004
Indebtedness at				

the end of the financial year				
i) Principal Amount	13,38,40,05,000	18,00,00,000		13,56,40,05,000
ii) Interest due but not paid	1,30,67,59,074	-		1,30,67,59,074
iii) Interest accrued but not due	-	-		-
Total (i+ii+iii)	14,69,07,64,074	18,00,00,000		14,87,07,64,074

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

B. Remuneration to other directors:

1. Independent Directors

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. G. Jagannadha Rao	Mr. M.V. Narasimha Rao	-
	-Fee for attending Board/Committee Meetings	35,000	45,000	80,000
	-Commission	-	-	-
	- Others, please specify	-	-	-
	Total (B)(1)	35,000	45,000	80,000

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	-	-	-
	Total (B)(2)	-	-	-
	Total (B)= (B)(1)+ (B)(2)	35,000	45,000	80,000

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

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: -N.A.-

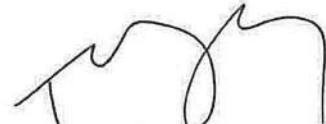
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-

Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
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: 18th June, 2020

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	Nil
(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 of Directors

Place: **Hyderabad**Date: **18th June, 2020**

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

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



INDEPENDENT AUDITOR'S REPORT

**To the Members of
HKR ROADWAYS LIMITED**

Report on the audit of the Individual Ind AS Financial Statements

Opinion

We have audited the Individual Ind AS financial statements of **HKR ROADWAYS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020 and the Statement of Profit and Loss (Including other Comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Individual 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 Individual 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, 2020, and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit Individual Ind AS financial statements 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 Individual 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 Individual 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. 367,91,15,654 upto March 31st, 2020 resulting in negative net worth of the company. These conditions or events, indicate that a material uncertainty exist that may cast significant doubt on the Company's ability to continue as going concern. However, as stated in Note 33, it has been represented by the management that the company's net worth has eroded primarily due to high amortization 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. Moreover as per the Sponsor's undertaking, the Sponsors will infuse fund if there is any requirement of fund for shortfall in revenue. Accordingly, the financial statements have been prepared on going concern basis.



Our Opinion is not modified in this respect.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report (but does not include the Individual 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 Individual 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 Individual 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 Individual 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 Individual 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 including other Comprehensive income, 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 Individual 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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) 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:
- The company does not have any pending litigations which would impact its financial position except those disclosed in financial statements;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.

Place: New Delhi
Date: 18TH June, 2020

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



[Signature]
Shashank Agrawal
(Partner)
(M No. 536670)

UDIN : 20536670AAAAAK4363

Annexure 'A' to the Independent Auditor's Report of HKR ROADWAYS LIMITED for the Year ended as on 31st March 2020

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 situations 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 para 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, Goods service tax, , cess and other statutory dues during the year with the appropriate authorities. As on 31st March 2020, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable.

b. According to the information and explanation given to us, there are no dues of provident fund, employee state insurance, income tax, Goods service tax, cess and other statutory dues which have not been deposited on account of dispute.



- viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has taken loan from various banks and financial institution. The Company has not taken any loans or borrowings from any Government and not issued any debentures during the year.

As on 31st March ,2020 the company has defaulted in repayment of principal amount of borrowing and interest thereon to the banks and financial institution as per the details given below:-

Particulars	Banks	Financial Institutions
Interest for the period from June 2019	7,54,93,392	1,11,26,485
Interest for the period from July 2019	11,10,65,130	1,60,86,006
Interest for the period from Aug 2019	11,83,30,598	1,62,51,087
Interest for the period from Sept 2019	11,75,30,691	1,57,64,189
Interest for the period from Oct 2019	12,13,85,221	1,63,55,874
Interest for the period from Nov 2019	11,82,61,677	1,59,94,960
Interest for the period from Dec 2019	12,34,49,209	1,66,96,577
Interest for the period from Jan 2020	12,48,91,999	1,68,91,632
Interest for the period from Feb 2020	11,68,04,276	1,57,76,559
Interest for the period from Mar 2020	12,16,80,620	1,69,22,892
Total	1,14,88,92,813	15,78,66,261
Principal Repayment due on 30th June 2019	9,33,00,000	1,35,75,000
Principal Repayment due on 30th Sept 2019	16,80,00,000	2,26,25,000
Principal Repayment due on 30th Dec 2019	16,80,00,000	2,26,25,000
Principal Repayment due on 31st Mar 2020	16,80,00,000	2,26,25,000
Total	59,73,00,000	8,14,50,000

- 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 Individual 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.

Place: New Delhi
Date: 18TH June, 2020



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

[Signature]
Shashank Agrawal
(Partner)
(M No. 536670)
UDIN : 20536670AAAAAK4363

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, 2020 in conjunction with our audit of the Individual 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 financial controls 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 over Financial Reporting 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 judgment, including the assessment of the risks of material misstatement of the Individual 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 Individual Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Individual 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 Individual 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 over financial reporting 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, 2020, based on the internal financial controls 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 Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: New Delhi
Date: 18TH June, 2020

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



Shashank Agrawal
(Partner)
(M No. 536670)

UDIN : 20536670AAAAAK4363

HKR Roadways Limited

Balance sheet as on 31 March 2020

(All amounts in ₹ unless otherwise stated)

	Notes	As at 31 March 2020	31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	3	94,36,277	90,05,587
Intangible assets	4	13,57,56,20,932	14,05,29,77,194
Other non-current assets	5	46,75,691	37,66,027
		<u>13,58,97,32,900</u>	<u>14,06,57,48,808</u>
Current assets			
Financial Assets			
- Cash and cash equivalents	6	44,10,26,300	1,15,52,628
- Other Financial Assets	7	26,94,816	26,95,816
Other current assets	8	2,98,63,637	2,59,54,069
		<u>47,35,84,753</u>	<u>4,02,02,513</u>
Total assets		<u><u>14,06,33,17,653</u></u>	<u><u>14,10,59,51,320</u></u>
Equity and liabilities			
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	(3,67,91,15,654)	(3,02,51,07,664)
Total Equity		<u>(1,37,91,15,654)</u>	<u>(72,51,07,664)</u>
Non-current Liabilities			
Financial liabilities			
- Borrowings	11	11,71,40,05,000	12,71,93,55,000
Long-term provisions	12	16,02,224	11,91,861
		<u>11,71,56,07,224</u>	<u>12,72,05,46,861</u>
Current liabilities			
Financial liabilities			
- Borrowings	11	18,00,00,000	24,04,00,000
- Other financial liabilities			
- Current maturities of Long term borrowings	13	1,67,00,00,000	84,62,00,000
- Others	13	1,87,28,55,535	1,01,96,38,656
Provisions	12	1,27,768	99,960
Other current liabilities	14	38,42,780	41,73,507
		<u>3,72,68,26,083</u>	<u>2,11,05,12,123</u>
Total equity and liabilities		<u><u>14,06,33,17,653</u></u>	<u><u>14,10,59,51,320</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


Shashank Agrawal
Partner
Membership No.536670

Place: New Delhi

Date: 18.06.2020

For and on behalf of the Board



K. Nageshwar Rao

Director

DIN: 01676677

Place: Hyderabad

Date: 18.06.2020



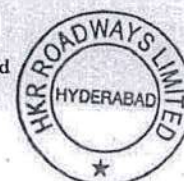
T.V. Sandeep Kumar Reddy

Director

DIN: 00005573

Place: Hyderabad

Date: 18.06.2020



HKR Roadways Limited

Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in ₹ unless otherwise stated)

	Notes	For the year ended	
		31 March 2020	31 March 2019
Revenue from operations			
- Toll operations	15	1,71,03,30,573	1,86,94,20,689
- Construction Income	15	15,77,38,501	75,10,109
Other income	16	64,03,740	11,52,925
Total income		1,87,44,72,814	1,87,80,83,723
Expenses			
Construction expenses	17	15,77,38,501	84,11,322
Employee benefits expense	18	2,53,03,540	2,37,11,888
Depreciation and amortization expense	3&4	47,90,79,009	36,50,32,272
Finance costs	19	1,63,27,14,095	1,62,15,52,885
Other expenses	20	23,26,68,049	18,40,58,318
Total expense		2,52,75,03,194	2,20,27,66,685
Loss before tax from continuing operations		(65,30,30,380)	(32,46,82,962)
Current tax		-	-
Profit/(Loss) for the year		(65,30,30,380)	(32,46,82,962)
Other comprehensive income			
Re-measurement (loss)/gain on defined benefit plans		(9,77,610)	8,23,985
Total comprehensive income for the year		(65,40,07,990)	(32,38,58,977)
Number of Equity Shares		46,42,289	46,42,289
Earnings per equity share (EPES)			
Basic		(140.67)	(69.94)
Diluted		(140.67)	(69.94)

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

Shashank Agrawal

Partner

Membership No.536670

Place: New Delhi

Date: 18.06.2020



For and on behalf of the Board

K. Nageshwar Rao

K. Nageshwar Rao

Director

DIN: 01676677

Place: Hyderabad

Date: 18.06.2020

T.W. Sandeep Kumar Reddy

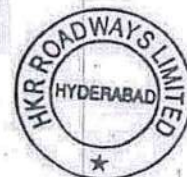
T.W. Sandeep Kumar Reddy

Director

DIN: 00005573

Place: Hyderabad

Date: 18.06.2020



HKR Roadways Limited
Statement of Cash Flows for the year ended 31 March 2020
(All amounts in ₹ unless otherwise stated)

	31 March 2020	31 March 2019
	INR	INR
Operating activities		
Profit/(loss) before tax	(65,40,07,990)	(32,38,58,977)
Adjustments to reconcile Profit/(Loss) before tax to net cash flows:		
Depreciation on Fixed Assets	17,22,747	16,71,674
Amortisation of intangible assets	47,73,56,262	36,33,60,598
Finance costs	1,63,27,14,095	1,62,15,52,885
Changes in operating assets and liabilities		
Increase/(decrease) in provisions	4,38,171	(3,57,575)
(Increase)/decrease in other current assets	(48,19,232)	13,86,46,851
(Increase)/decrease in other financial assets	1,000	(20,64,000)
Increase/(decrease) in trade and other payables	(3,30,727)	(68,57,083)
Increase/(decrease) in other financial liabilities	(87,34,127)	(4,86,99,643)
Net cash flows generated from operating activities	1,44,43,40,199	1,74,33,94,731
Investing Activities		
Purchase of property, plant and equipment	(21,53,438)	(1,19,180)
Additions to intangible assets	-	-
Net cash flows generated from/(used in) investing activities	(21,53,438)	(1,19,180)
Financing Activities		
Interest paid	(77,07,63,091)	(1,58,14,47,793)
Repayment of borrowings	(23,84,50,000)	(34,09,25,000)
Repayment of unsecured borrowings	(35,00,000)	-
Proceeds from unsecured borrowings	-	18,35,00,000
Net cash flows from/(used in) financing activities	(1,01,27,13,091)	(1,73,88,72,793)
Net increase in cash and cash equivalents	42,94,73,670	44,02,757
Cash and cash equivalents at the beginning of the year	1,15,52,628	71,49,871
Cash and cash equivalents at year end	44,10,26,300	1,15,52,628
Components of cash and cash equivalents		
Cash on hand	12,84,008	1,12,18,664
Balances with banks		
- in current accounts	43,97,42,292	3,33,964
Cash and cash equivalents at year end	44,10,26,300	1,15,52,628

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

Shashank Agrawal
Partner
Membership No.536670

Place: New Delhi
Date: 18.06.2020



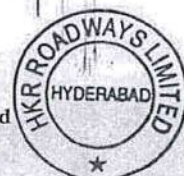
For and on behalf of the Board

K. Nageshwar Rao
Director
DIN: 01676677

T.V. Sandeep Kumar Reddy
Director
DIN: 00005573

Place: Hyderabad
Date: 18.06.2020

Place: Hyderabad
Date: 18.06.2020



HKR Roadways Limited

Statement of Changes in Equity for the year ended 31 March 2020

(All amounts in ₹ unless otherwise stated)

(a) Equity share capital

	Number	Amount
Equity shares of ₹10 each issued, subscribed and fully paid		
At 31 March 2019	46,42,289	4,64,22,890
At 31 March 2020	46,42,289	4,64,22,890

(b) Other equity

	Other Equity		Total
	Retained earnings	Security Premium Reserve	
Balance as of 1 April 2019	(3,02,51,07,664)	-	(3,02,51,07,664)
Total comprehensive income for the year	(65,40,07,990)	-	(65,40,07,990)
Balance as of 31 March 2020	(3,67,91,15,654)	-	(3,67,91,15,654)
Balance as of 1 April 2018	(2,70,12,48,687)	-	(2,70,12,48,687)
Total comprehensive income for the year	(32,38,58,977)	-	(32,38,58,977)
Balance as of 31 March 2019	(3,02,51,07,664)	-	(3,02,51,07,664)

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

Shashank Agrawal
Partner
Membership No.536670

Place: New Delhi
Date: 18.06.2020



For and on behalf of the Board

K. Nageshwar Rao
Director
DIN: 01676677

Place: Hyderabad
Date: 18.06.2020

T.V. Sandeep Kumar Reddy
Director
DIN: 00005573

Place: Hyderabad
Date: 18.06.2020



HKR Roadways Limited

Notes to financial statements for the period ended March 2020

1. Corporate Information

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

2. Significant Accounting Policies

2.01 Basis of preparation

(a) Compliance with IndAS

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

(b) Basis of measurement

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

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

(c) Use of Estimates and Judgments

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



HKR Roadways Limited

Notes to financial statements for the period ended March 2020

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 2020

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 2020

2.05 Cash flow statement

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

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

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

2.06 Current & Non Current classification :

Current Asset :

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

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

Current Liabilities:

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

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the reporting date : or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could at the option of the counterparty, result in its settlement by the issue of equity instruments do not effect its classification. All other liabilities shall be classified as non-current.

2.07 Property, plant and equipment (PPE)

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



HKR Roadways Limited

Notes to financial statements for the period ended March 2020

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 2020

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 2020

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 2020

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 2020

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 2020

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 at 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 2020

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 increased 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 2020

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
Year ended 31st March 2019 ::
Gross carrying amount

	Furniture and Fixtures	Office Equipment	Computers	Vehicles	Plant and Machinery	Total
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	-	-	-	-	-	-
Closing gross carrying amount	4,50,777	13,71,080	5,19,815	85,15,643	49,62,269	1,58,19,584

Accumulated depreciation

Depreciation charge during the year	35,744	2,13,843	7,469	10,84,507	3,30,110	16,71,674
Closing accumulated depreciation	3,03,277	9,75,970	5,11,474	40,82,443	9,40,834	68,13,997

Net carrying amount

	1,47,500	3,95,110	8,341	44,33,200	40,21,435	90,05,587
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Year ended 31st March 2020 ::
Gross carrying amount

Opening gross carrying amount	4,50,777	13,71,080	5,19,815	85,15,643	49,62,269	1,58,19,584
Additions	96,857	5,21,321	2,20,400	13,14,860	-	21,53,438
Transfers	-	-	-	-	-	-
Closing gross carrying amount	5,47,634	18,92,401	7,40,215	98,30,503	49,62,269	1,79,73,022

Accumulated depreciation

Opening accumulated depreciation	3,03,277	9,75,970	5,11,474	40,82,443	9,40,834	68,13,997
Depreciation charge during the year	42,840	1,50,947	9,705	11,88,241	3,31,015	17,22,747
Closing accumulated depreciation	3,46,117	11,26,917	5,21,178	52,70,683	12,71,849	85,36,745

Net Carrying Amount

	2,01,517	7,65,484	2,19,037	45,59,820	36,90,420	94,36,277
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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
Gross Amount of Carriageway	19,51,69,12,249	-
Less: Grant Received from the Government	(4,37,25,36,780)	-
Net Value of Carriageway	15,14,43,75,469	-
Year ended 31 March 2019		
Gross carrying amount		
Opening Gross Carrying Amount	14,43,79,19,497	70,64,55,972
Additions- being internally developed	70,64,55,972	-
Disposals	-	70,64,55,972
Closing gross carrying amount	15,14,43,75,469	-
Year ended 31 March 2020		
Additions- being internally developed	-	-
Disposals	-	-
Capitalised during the year	-	-
Closing gross carrying amount	15,14,43,75,469	-
Amortization and Impairment		
As at 1 April 2018	72,80,37,677	-
Amortization	36,33,60,598	-
As at 31 March 2019	1,09,13,98,275	-
Amortization	47,73,56,262	-
Impairment	-	-
As at 31 March 2020	1,56,87,54,537	-
Net Book Value		
At 31 March 2020	13,57,56,20,932	-
At 31 March 2019	14,05,29,77,194	-
Development Costs		
	31 March 2020	31 March 2019
Development Costs	13,57,56,20,932	14,05,29,77,194
Intangible assets under development	-	-
Total		
	13,57,56,20,932	14,05,29,77,194

Intangible assets under development

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



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

(All amounts in ₹ unless otherwise stated)

5 Other non-current assets

	31 March 2020	31 March 2019
Income Tax Refundable	16,04,358	32,48,379
TDS Receivable	30,71,333	5,17,648
Total	46,75,691	37,66,027

6 Cash and cash equivalents

	31 March 2020	31 March 2019
Balances with banks		
- on current accounts	43,97,42,292	3,33,964
Cash on hand	12,84,008	1,12,18,664
	44,10,26,300	1,15,52,628

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

	31 March 2020	31 March 2019
Balances with banks		
- on current accounts	43,97,42,292	3,33,964
Cash on hand	12,84,008	1,12,18,664
	44,10,26,300	1,15,52,628

7 Other Financial Assets

	31 March 2020	31 March 2019
Receivable from Authority (R&B Department)	26,94,816	26,95,816
	26,94,816	26,95,816

8 Other Current Assets

	31 March 2019	31 March 2018
Advance against O&M and COS works	88,43,168	1,68,56,000
Prepaid Expenses	40,07,450	28,40,199
GST TDS Receivable	32,82,234	-
Other Advances	1,37,30,785	62,57,870
	2,98,63,637	2,59,54,069



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 2019	50,00,000	5,00,00,000
Increase/(decrease) during the year	-	-
At 31 March 2020	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 2020, 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 2019	46,42,289	4,64,22,890
Changes during the year	-	-
At 31 March 2020	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 2020		31 March 2019	
	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 Home Developers Ltd	13,000	0.28%	13,000	0.28%
Balaji Highways Holding Pvt. Ltd.	11,93,995	25.72%	11,93,995	25.72%

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 31.03.2020		As at 31.03.2019	
	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	-	-	-	-
Outstanding at the end of the year	46,42,289	4,64,22,890	46,42,289	4,64,22,890

10 a) Instrument entirely equity in nature

Loans from Promoters:

Gayatri Highways Ltd.

Megha Engineering and Infrastructures Ltd.

As at	
31 March 2020	31 March 2019
1,12,67,88,555	1,12,67,88,555
1,12,67,88,555	1,12,67,88,555
2,25,35,77,110	2,25,35,77,110

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

b) Other equity

Retained earnings

Balance as per last audited financial statements

Add: Net loss for the year

Balance at the end of the year

As at	
31 March 2020	31 March 2019
(3,02,51,07,664)	(2,70,12,48,687)
(65,40,07,990)	(32,38,58,977)
(3,67,91,15,654)	(3,02,51,07,664)



HKR Roadways Limited

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

11 Borrowings

	As at	
	31 March 2020	31 March 2019
<u>Non-current borrowings</u>		
Term loans (Secured Loan)		
From banks	10,32,37,35,000	11,21,14,35,000
From financial institutions	1,39,02,70,000	1,50,79,20,000
Total non-current borrowings	11,71,40,05,000	12,71,93,55,000
<u>Current maturities of Long term borrowings</u>		
From banks	1,47,09,00,000	73,76,00,000
From financial institutions	19,91,00,000	10,86,00,000
	1,67,00,00,000	84,62,00,000
Total Current maturities of Long term borrowings	1,67,00,00,000	84,62,00,000
<u>Current borrowings</u>		
From Banks - secured *	-	5,69,00,000
From related party-un secured **	18,00,00,000	18,35,00,000
Total Current borrowings	18,00,00,000	24,04,00,000
Total Borrowings	13,56,40,05,000	13,80,59,55,000

* 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 favour of the Lenders pursuant to and in accordance with the Substitution Agreement in respect of financing by the Lenders under the provisions of Concession Agreement.
 - 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. 130,67,59,074/- and principal installment of Rs. 67,87,50,000/- as detailed below:

	Banks	Financial Institutions
Interest for the month of June 2019	7,54,93,392	1,11,26,485
Interest for the month of July 2019	11,10,65,130	1,60,86,006
Interest for the month of Aug 2019	11,83,30,598	1,62,51,087
Interest for the month of Sept 2019	11,75,30,691	1,57,64,189
Interest for the month of Oct 2019	12,13,85,221	1,63,55,874
Interest for the month of Nov 2019	11,82,61,677	1,59,94,960
Interest for the month of Dec 2019	12,34,49,209	1,66,96,577
Interest for the month of Jan 2020	12,48,91,999	1,68,91,632
Interest for the month of Feb 2020	11,68,04,276	1,57,76,559
Interest for the month of Mar 2020	12,16,80,620	1,69,22,892
Total	1,14,88,92,813	15,78,66,261
Principal Repayment due on 30th June 2019	9,33,00,000	1,35,75,000
Principal Repayment due on 30th Sept 2019	16,80,00,000	2,26,25,000
Principal Repayment due on 30th Dec 2019	16,80,00,000	2,26,25,000
Principal Repayment due on 31st Mar 2020	16,80,00,000	2,26,25,000
Total	59,73,00,000	8,14,50,000



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

(All amounts in ₹ unless otherwise stated)

12 Provisions

	As at	
	31 March 2020	31 March 2019
Non-current		
Provision for employee benefits		
-Gratuity, non-funded	16,02,224	11,91,861
Current		
Provision for employee benefits		
-Gratuity, non-funded	1,27,768	99,960

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

13 Other financial liabilities

	As at	
	31 March 2020	31 March 2019
Current maturities of Long term borrowings	1,67,00,00,000	84,62,00,000
Interest accrued and due on borrowings	1,30,67,59,074	44,48,08,070
Project Work Contractor Payable	42,71,92,857	43,58,60,851
Retention Money - Related Party	1,80,03,917	1,80,03,917
Special Retention Money	4,46,15,120	4,46,15,120
Utility Shifting payable-Related party	1,14,69,813	1,19,19,813
Change of Scope works payable-SCPL & ROB	56,03,379	-
Audit fee payable	4,56,000	4,56,618
Salaries payable	17,55,952	15,11,178
Independent consultant fee payable	3,24,49,171	2,20,15,963
Creditors Payable against Collection of user fee, Petrolling and incident mangement	60,90,002	65,71,091
Toll O&M Expenses Payable	70,08,604	1,22,25,590
Other creditors payables	31,52,414	44,50,445
Change of Scope (SCCL Overpass) advance	82,99,232	1,72,00,000
	1,87,28,55,535	1,01,96,38,656
	3,54,28,55,535	1,86,58,38,656

14 Other Current Liabilities

	As at	
	31 March 2020	31 March 2019
Smart Card Deposit payable	12,75,850	-
Statutory Liabilities		
TDS payable	25,53,430	11,73,794
Professional tax payable	4,500	3,900
GST payable	9,000	29,95,813
Total	38,42,780	41,73,507



HKR Roadways Limited

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

15 Revenue from operations

	31 March 2020	31 March 2019
Revenue from sale of services		
- Toll operations	1,71,03,30,573	1,86,94,20,689
- Construction Income	15,77,38,501	75,10,109
	<u>1,86,80,69,074</u>	<u>1,87,69,30,798</u>

16 Other income

	31 March 2020	31 March 2019
Interest on income tax refund	2,41,819	10,42,705
Other income	61,61,921	1,10,220
	<u>64,03,740</u>	<u>11,52,925</u>

17 Construction Expenses

	31 March 2020	31 March 2019
Other Construction Expenses	15,77,38,501	84,11,322
	<u>15,77,38,501</u>	<u>84,11,322</u>

18 Employee benefits expense

	31 March 2020	31 March 2019
Salaries and wages	2,49,34,325	2,32,45,478
Gratuity	3,69,215	4,66,410
	<u>2,53,03,540</u>	<u>2,37,11,888</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	2,76,698	3,43,570
Past service cost and loss/(gain) on curtailments and settlement		-
Net interest cost	92,517	1,22,840
Total included in 'Employee Benefit Expense'	<u>3,69,215</u>	<u>4,66,410</u>

Expenses deducted from the fund

Total Charge to P&L	<u>3,69,215</u>	<u>4,66,410</u>
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Other Comprehensive Income for the current period

Components of actuarial gain/losses on obligations:

Due to change in financial assumptions	98,363	19,019
Due to change demographic assumption	(1,748)	-
Due to experience adjustments	8,80,995	(8,43,004)

Amount recognized in Other Comprehensive Income	<u>9,77,610</u>	<u>(8,23,985)</u>
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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 2020

	For the year ended	
	31 March 2020	31 March 2019
Defined Benefit Obligation		
Opening defined benefit obligation	12,91,821	16,49,396
Current Service Cost	2,76,698	3,43,570
Net interest expense	92,517	1,22,840
Components of actuarial gain/losses on obligations		
Due to change in financial assumptions	98,363	19,019
Due to change demographic assumption	(1,748)	-
Due to experience adjustments	8,80,995	(8,43,004)
Benefits paid	(9,08,654)	-
Closing defined benefit obligation	17,29,992	12,91,821
Bifurcation of liability as per schedule III		
Current Liability	1,27,768	99,960
Non-current liability	16,02,224	11,91,861

Principal Actuarial Assumptions

	For the year ended	
	31 March 2020	31 March 2019
Discounting Rate	6.85%	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%	16,47,409	11,72,888
(% change)	-4.77%	-9.21%
Decrease by 1%	18,19,189	14,30,741
(% change)	5.16%	10.75%

Salary Growth Rate Sensitivity

Increase by 1%	18,13,830	14,22,681
(% change)	4.85%	10.13%
Decrease by 1%	16,48,389	11,68,759
(% change)	-4.72%	-9.53%

Withdrawal Rate (W.R.) Sensitivity

W.R. x 101%	17,42,256	12,93,049
(% change)	0.71%	0.10%
W.R. x 99%	17,17,136	12,90,596
(% change)	-0.74%	-0.09%

19 Finance Cost

	31 March 2020	31 March 2019
Interest on term loans	1,63,07,08,095	1,61,76,58,885
Other finance expenses	20,06,000	38,94,000
	1,63,27,14,095	1,62,15,52,885



HKR Roadways Limited

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

20 Other expenses

	31 March 2020	31 March 2019
Toll operation expenses	8,43,98,874	7,45,45,733
Power and fuel	1,04,12,253	1,25,91,540
Insurance	63,64,570	49,57,401
Cash handling charges	37,75,353	25,20,480
Repair & Maintenance expenses	8,15,98,328	6,03,95,867
Plantation expenses	1,11,07,432	1,06,64,213
Lenders Independent Engineer (LIE) Fee	22,65,600	28,32,000
Independent Engineer (IE) Fee	2,13,31,319	-
Other O&M expenses	26,04,278	32,96,505
Bank charges	57,675	27,162
Communication expenses	3,48,951	2,80,170
Travelling and conveyance	8,66,860	6,66,350
Rates and taxes	2,500	19,347
Office maintenance	1,62,399	3,99,661
Computer maintenance	5,100	8,330
Sitting fees	94,400	59,000
Professional and consultancy charges (refer not below)	66,33,712	95,10,965
Interest on TDS and GST	2,01,756	8,81,522
Misc. Expenses	4,36,689	4,02,072
	23,26,68,049	18,40,58,318

Payments to the auditor

Professional Charges includes Auditor Fee as below:

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	86,140	97,940
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Total

	5,58,140	5,69,940
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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 2020	31 March 2019
Net Profit/(loss) after tax attributable to equity shareholders (A)	(65,30,30,380)	(32,46,82,962)
Weighted average number of equity shares outstanding (B)	46,42,289	46,42,289
Basic and Diluted Earnings (Loss) per share [(A)/(B)]	(140.67)	(69.94)

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

Names of the related parties	Nature of relationship
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. Subbarani 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

	For the year ended	
	31 March 2020	31 March 2019
Megha Engineering & Infrastructures Ltd-short term loan received	-	16,20,00,000
Gayatri Highways Ltd.-Short term loan received (net)	35,00,000	2,15,00,000
Gayatri Projects Ltd.-Short term loan received	-	21,00,000
Gayatri Projects Ltd.-Utility shifting payments	4,50,000	-
Sitting Fees paid to directors:		
G. Jagannadha Rao	35,000	30,000
M.V. Narasimha Rao	45,000	20,000

c. Balances receivable/(payable)

	For the year ended	
	31 March 2019	31 March 2018
Megha Engineering & Infrastructures Ltd.		
Unsecured loan	(1,12,67,88,555)	(1,12,67,88,555)
Short Term Loan	16,20,00,000	(16,20,00,000)
Retention Money payable	(3,71,77,851)	(3,71,77,851)
Utilities shifting and change of scope payable	(75,14,669)	(75,14,669)
Gayatri Projects Ltd.		
Short Term Loan	(21,00,000)	(21,00,000)
Retention Money payable	(74,37,269)	(74,37,269)
Utilities shifting and change of scope payable	(39,55,144)	(44,05,144)
Gayatri Highways Ltd		
Short Term Loan	(1,80,00,000)	(2,15,00,000)
Unsecured loan	(1,12,67,88,555)	(1,12,67,88,555)
Re-imbursement of expenses	5,30,177	5,30,177



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 2	31 March 201
Financial assets		
- Cash and cash equivalents	44,10,26,300	1,15,52,628
- Other Financial Assets	26,94,816	26,95,816
Total	44,37,21,116	1,42,48,444
Financial liabilities		
Long Term Borrowings	13,38,40,05,000	13,56,55,55,000
Short Term Borrowings	18,00,00,000	24,04,00,000
Other Financial Liabilities	1,87,28,55,535	1,01,96,38,656
Total	15,43,68,60,535	14,82,55,93,656

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 2020	31 March 2019
Debt from Banks and Financial Institutions - Variable rate borrowings	13,56,40,05,000	13,80,59,55,000

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	As at	
	31 March 2020	31 March 2019
Increase or decrease in interest rate by 25 basis points	3,42,12,450	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 2020.

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 doesnot have trade receivables as collection of toll income coincide as and when the traffic passess 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 (continued)

d) 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 2020	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
Non Derivative Financial Liability					
Long term borrowings	13,38,40,05,000	2,29,80,41,303	2,54,58,99,625	8,99,49,40,935	7,06,22,05,017
Short term borrowings	18,00,00,000	18,00,00,000	-	-	-
Other Financial Liabilities	1,87,28,55,535	1,87,28,55,535	-	-	-

As at 31st March 2019	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
Non Derivative Financial Liability					
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	-	-	-

e) 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 2020	31 March 2019
Debts	14,87,07,64,074	14,25,07,63,070
Less: Cash and Bank Balances	(44,10,26,300)	(1,15,52,628)
(A)	14,42,97,37,774	14,23,92,10,442
Equity & Other equity (B)	(1,37,91,15,654)	(72,51,07,664)
Net Debt / Total Capital (A/B)	(10.46)	(19.64)

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 "DBFOT" 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 2020	31 March 2019
Finance Cost	1,63,27,14,095	1,62,15,52,885
Less : Capitalized during the year	-	-
Finance Cost charged to Statement of P/L	1,63,27,14,095	1,62,15,52,885

32 Impact of Covid-19

The entire world is collectively entangled in fighting the Coronavirus/ COVID-19 pandemic, businesses are facing several financial and physical hardships due to the mandatory government lockdowns. With there being no visibility regarding the duration of the lockdown coupled with the fact that no known cure or vaccine is available to fight the pandemic, everyone is left with great deal of uncertainty and anticipation over the 'new normal'.

The extended lockdown to contain the COVID-19 pandemic, which has stalled traffic on the ground as in the air, has led to the enormous losses on the Infrastructure industry. The National Highways Authority of India (NHAI), the nodal agency for the roads sector has stopped toll collections up to April 20, 2020, after the government imposed the nationwide lockdown on March 25, 2020. Followed by NHAI, the R&D Department, Govt. of Telangana has also stopped the toll collections on HKR Road.



HKR Roadways Limited

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

32 Impact of Covid-19 Continued.....

Since, the voluntary public curfew observed on 22nd March 2020, followed by the nationwide lockdown from 25th March 2020, the Toll collections of our project was drastically reduced from 22nd March 2020 up to 27th March 2020. With effect from 28th March 2020, the Toll Collection was suspended by the Govt of India up to 19th April 2020. Due to series of lockdowns, the Company has suffered a loss in toll revenue of approx Rs. 4.80 Crore in FY2019-20.

Further, the Company has also suffered toll revenue loss of approximately of Rs. 18.85 Crore during the month of April and May 2020 due to suspension of toll collection and national wide lockdown. According to the present trend of toll collections, we expect that the Toll Collections for the FY: 2020-21 will have a little impact and the Company is confident that it will achieve targeted revenue during the financial year 2020-21.

The duration and impact of the COVID-19 pandemic remains unclear at present as on book closure date. Hence, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods. However, the company is protected by the Concession Agreement to claim such loss under force majeure event in the form of revenue loss compensation by way of claiming the loss of toll revenue from the R&B department, Govt. of Telangana or by way of extension of the concession period. The Company is contemplating to submit a claim to the R&B Department, Govt. of Telangana for the loss suffered due to suspension of toll collections. Accordingly, the financial position and results of operations as of and for the year ended 31st March 2020 have not been adjusted to reflect their impact.

- 33 **Going Concern:** 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 16 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. Moreover as per the Sponsor's undertaking, the Sponsors will infuse fund if there is any requirement of fund for shortfall in revenue. 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 toll collections for the FY 2019-20 is Rs. 171.03 Crore which is more than the projections/estimates made by the Company which is Rs. 169.71 Cr.
2. As per the future cash flow projections, the Net Present Value of the cash flows up to the end of the Concession Period is more than the Net Asset Value as on 31.03.2020.

- 34 **One Time Settlement (OTS):** The Company vide its letter dated 17.01.2020 has submitted its proposal for full and final One Time Settlement (OTS) of all existing, past and future dues, including penalties if any, processing charges, late payment charges etc for an amount of Rs.750 crore. The Company has also informed the lenders about the new investor - Kotak Investment Advisory Limited (KIAL) who have in principle expressed their willingness to invest in the Project through change in management mechanism. The term sheet of KIAL was also shared with the Lenders. The matter was discussed in detail in the Consortium Meeting held on 27.01.2020 and have decided to take up the proposal of OTS and running the Swiss Challenge Process for price discovery with their competent authority for approval.

Subsequent to the consortium meeting held on 27.01.2020, the Lead Lender - Canara Bank had taken up the proposal with their competent authority for approval of One Time Settlement of Rs.750 Crore with price discovery under Swiss Challenge Method. However, the Competent Authority has sanctioned the One Time Settlement of entire term loan for Rs. 800 Crore vide their letter dated 16.03.2020 and 13.05.2020 with the cut off date from 01.11.2019.

The Company has accepted the above offer vide HKR letter dated 20.05.2020 and expressed that the Sponsors/ Promoters are agreeing to settle all the dues to the lenders as a full and final, One Time Settlement, without any further recourse to the project company, promoters and sponsors, for an aggregate amount of Rs.800 Crs (Rupees Eight Hundred Crore Only), as per the above referred Canara Bank sanction letters. Upon payment of the OTS Amount of Rs.800 Crs by the Company, all the liabilities towards the existing Lenders, contingent or crystallised, stand irrevocably extinguished including outstanding principal, interest due and payable, accrued and unpaid interest, penal interest and other charges and the Lenders have no further claim of any nature against the Company, Promoters and Sponsors.



HKR Roadways Limited

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts in ₹ unless otherwise stated)

33 One Time Settlement (OTS) Continued....

Current status of the OTS Proposal with the Consortium Lenders:

- a. The Lenders have decided to appoint Financial consultant for running the Swiss Challenge process. They are in the process of obtaining quotations from the interested parties.
- b. Canara Bank has approved the OTS proposal for Rs.800 Crore with price discovery under Swiss Challenge method.
- c. Canara Bank has circulated their sanction note to the other consortium Lenders for aligning the terms and conditions with the Lead Bank and taking the approval with their competent authority.

34 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"

35 Events after the reporting period

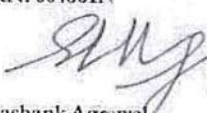
There are no significant events after the reporting period that substantially affect the financial position of the company.

36 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

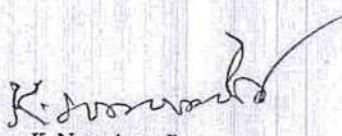
As per our report of even date attached
For GIANENDER & ASSOCIATES
Chartered Accountants
FRN: 004661N


Shashank Agrawal
Partner




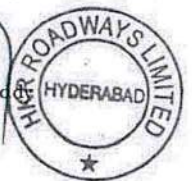
Membership No.536670
Place: New Delhi
Date: 18.06.2020

For and on behalf of the Board


K. Nageshwar Rao
Director
DIN: 01676677

Place: Hyderabad
Date: 18.06.2020


T.V. Sandeep Kumar Reddy
Director
DIN: 00005573



Place: Hyderabad
Date: 18.06.2020

