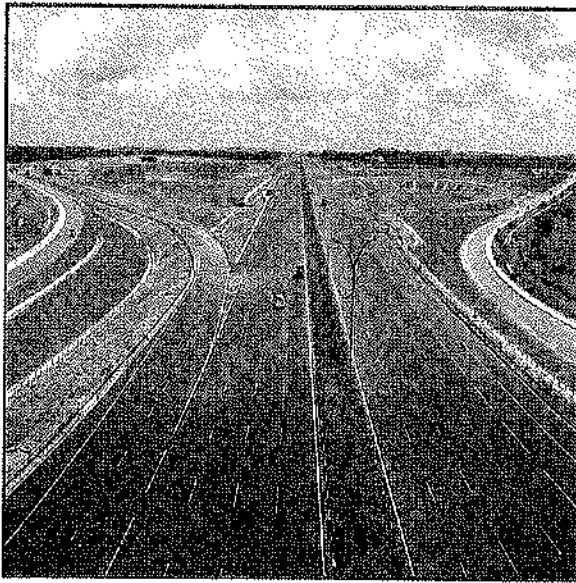


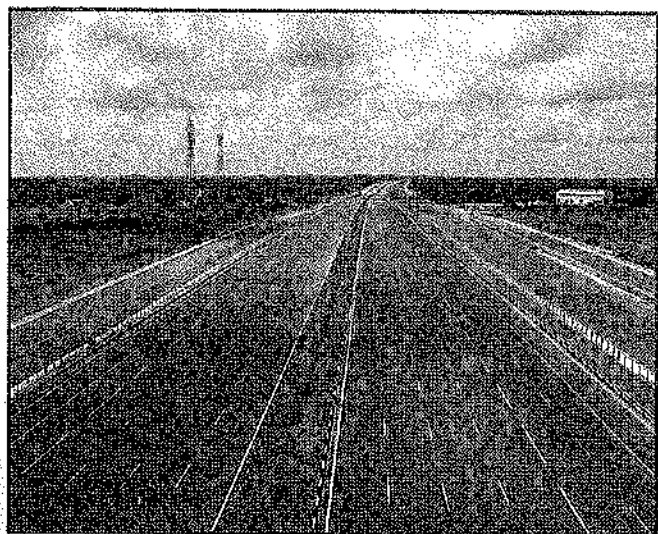
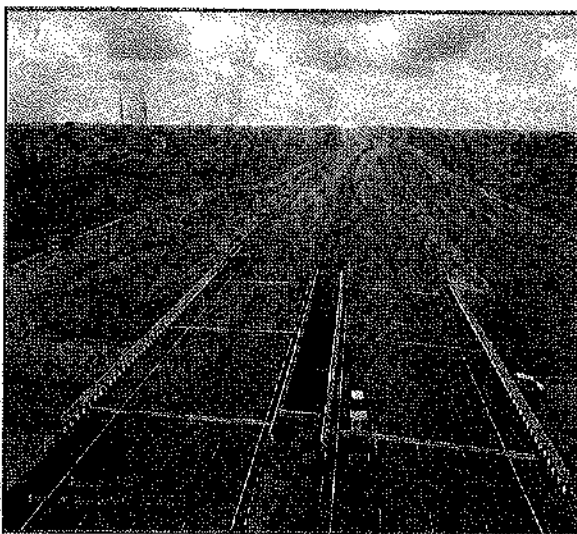
# **HYDERABAD EXPRESSWAYS LIMITED**

## **10<sup>TH</sup> ANNUAL REPORT**

**2016-2017**



### **EIGHT LANE ACCESS CONTROLLED EXPRESSWAY – BONGULUR TO TUKKUGUDA**



*"Roads are the lifeline of public infrastructure. And we add our bit."*

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

Mr. T. RAJIV REDDY	Director
Mr. MURLI DHAR KHATTAR	Director
Mr. M.V. NARASIMHA RAO	Independent Director
Mr. CH. HARIVITHAL RAO	Independent Director
Mr. SUSANTA KUMAR MOITRA	Director

**AUDIT COMMITTEE**

Mr. M.V. NARASIMHA RAO	Chairman
Mr. T. RAJIV REDDY	Member
Mr. CH. HARIVITHAL RAO	Member

**CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

Mr. M.V. NARASIMHA RAO	Chairman
Mr. T. RAJIV REDDY	Member
Mr. CH. HARIVITHAL RAO	Member

**NOMINATION AND REMUNERATION COMMITTEE**

Mr. M.V. NARASIMHA RAO	Chairman
Mr. T. RAJIV REDDY	Member
Mr. CH. HARIVITHAL RAO	Member

**REGISTERED OFFICE**

6-3-1090, T.S.R. TOWERS,  
RAJBHAVAN ROAD, SOMAJIGUDA,  
HYDERABAD – 500 082, TELANGANA.

CIN: U45209TG2007PLC054992

**AUDITORS**

M/s. RAO & KUMAR ASSOCIATES  
CHARTERED ACCOUNTANTS  
HYDERABAD.

**REGISTRAR AND TRANSFER AGENT****M/s. BIGSHARE SERVICES PRIVATE LIMITED**

306, RIGHT WING, AMRUTHA VILLE  
OPP. YASHODA HOSPITAL, SOMAJIGUDA,  
RAJBHAVAN ROAD, HYDERABAD-500082,  
TELANGANA -INDIA.

**BANKERS & FINANCIAL INSTITUTIONS****UNITED BANK OF INDIA****ALLAHABAD BANK****ICICI BANK LTD.****DENA BANK****INDIAN BANK****INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED****VIJAYA BANK****CONCESSIONING AUTHORITY**

**M/s. HYDERABAD GROWTH CORRIDOR LIMITED,**  
**2<sup>nd</sup> FLOOR, HUDA COMPLEX,**  
**TARNAKA, SECUNDERABAD – 500 017, TELANGANA.**

**BOARD'S REPORT**

To  
The Members,

Your Directors have immense pleasure in presenting the 10<sup>th</sup> Annual Report of your Company and the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2017.

**1. FINANCIAL SUMMARY:**

The following table depicts the financial results of your Company for the year ending 31<sup>st</sup> March 2017:

<b>S. No.</b>	<b>Particulars</b>	<b>For the year ended 31.03.2017 (Rs.)</b>	<b>For the year ended 31.03.2016 (Rs.)</b>
1)	<b>INCOME</b>		
	Income from Operations	44,40,44,223	41,41,27,719
	Other Income	6,15,46,946	4,79,41,548
	<b>TOTAL</b>	<b>50,55,91,169</b>	<b>46,20,69,267</b>
2)	<b>EXPENDITURE</b>		
	Employee Benefits Expense	68,16,000	71,92,800
	Finance Costs	29,98,60,313	30,47,89,352
	Depreciation & Amortization expense	1,69,176	6,71,087
	Operations & Maintenance Expenses	15,51,31,823	9,70,61,143
	Other Expenses	1,67,38,683	66,73,956
	<b>TOTAL</b>	<b>47,87,15,995</b>	<b>41,63,88,338</b>
3)	<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>2,68,75,174</b>	<b>4,56,80,929</b>
	Provision for Taxation:		
	- Current Tax	15,35,291	1,31,94,331
4)	<b>PROFIT / (LOSS) AFTER TAX</b>	<b>2,53,39,883</b>	<b>3,24,86,598</b>
	Less/Add: Prior Period adjustments		
5)	<b>PROFIT / (LOSS) AFTER PRIOR PERIOD ITEMS</b>	<b>2,53,39,883</b>	<b>3,24,86,598</b>
	Earning (Loss) per Share – Basic & Diluted	12.80	16.41

**2. THE YEAR IN RETROSPECT****a) Operations and Maintenance (O&M) Works:**

During the financial year under review, your Company was fully engaged in Operations and Maintenance of the Project Highway, in accordance with the Concession Agreement. Your Company had entered into an Operations and Maintenance (O&M) Agreement with M/s Gayatri Projects Ltd. for maintenance of the Project Highway. The O&M works are being carried out in accordance with the stipulations given under the Concession Agreement.

Your Company has ensured that all safety aspects for the completed Project Highway are in place, which includes sign boards, gantries, crash barriers with radium stickers, solar blinkers, safety cones and safety jackets etc.

Your Company has taken the following safety measures on the Project Highway to ensure adequate safety to the commuters:

- Ambulance: An ambulance has been provided round the clock along with an on-duty paramedic to attend persons who have met with an accident.
- Recovery van: A recovery van has been provided around the clock, so as to shift vehicles that have met with an accident, so that traffic movement is smooth.
- Patrolling Vehicle: A Patrolling Vehicle has been provided by your Company to ensure that the entire Project Highway is completely and regularly monitored, in collaboration with the Concessioneing Authority.
- Solar Blinkers: Solar blinkers have been placed by the Company at the ramps, vehicular underpasses & pedestrian underpasses to ensure clear night vision.
- Safety sign boards: The required number of safety sign boards has been provided along the Main Carriageway and Service roads to ensure safety of commuters.
- Speed-gun and Breathe-analyser: These are being used to monitor and control over-speeding and drunken-driving, which have been the major reasons for a number of accidents happening on the Project Highway.
- Median plantation and watering: In accordance with the specifications of the Concession Agreement, your Company is maintaining the median plantation and watering thereof is being done on a daily basis through drip irrigation.
- Jungle/Weed clearance: Weeds in the median, at the service roads and on the shoulders of the Main Carriageway are being cleared on a daily basis.
- Repairs to Crash barriers, Signboards, kerbs, Saucer Drain, Chute drains etc due to accidental damages and natural wear and tear.
- Payment of electricity bills regularly for the maintenance of lights at all Vehicular under Passes (VUP) and Pedestrian under Passes (PUP) and at all Junctions.

#### **b) Annuity receipts from HGCL:**

There have been delays in receipt of Annuities from the Concessioneing Authority during the year, largely due to the non allocation of funds to HGCL by the Telangana State Government despite the payment of annuities being budgetary allocation.

Due to the above issue, your company has received the Eleventh Annuity due on 19<sup>th</sup> December 2015 In four installments on 25, 26 & 27 May 2016 and the balance on 31 Dec 2016 and Twelfth Annuity due on 19 June 2016 was received by the Company in 3 installments on 27 Oct 2016, 31 Dec 2016 and 27 Mar 2017. Till date the Company has not received the Thirteenth Annuity Amount which Due on 19 Dec 2016.

The Annuity received have been utilized by the Company for servicing the debt availed from the lenders, for O&M works at the project site and completion of balance works at the site.



### 3. FUTURE OUTLOOK

The major objective of your Company in the near future is to obtain the Final Completion Certificate from the Concessioning Authority. Apart from this, your Company is trying to ensure that the futures Annuities are received as per the schedule, so that the debt-servicing is done on timely basis.

Working towards this target, your Company is regularly following-up with all the concerned departments of the State Government for timely receipt of Annuities.

Your Company is also trying for the Final Completion Certificate, x-factor/Bonus Annuity, Interest on Bonus Annuity, etc. Apart from this, your Company is also considering securitization of future annuities, by obtaining a better credit rating and lower interest rates.

Your Company is also eligible for the escalation claims as the Site was handover late and not as per the schedule given in the Concession Agreement.

### 4. EXTRACT OF ANNUAL RETURN

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

### 5. BOARD MEETINGS

During the year ended 31<sup>st</sup> March, 2017, Four Board Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The dates on which the Board meetings were held are 18.05.2016, 31.08.2016, 29.11.2016 and 17.03.2017.

#### Attendance of Directors at the meetings:

The details of the attendance of the Directors at the Board meetings held during the year ended 31<sup>st</sup> March, 2017.

Name of the Director	Number of Board Meetings	
	Held	Attended
T. Rajiv Reddy	4	4
K. Ravi Kumar Reddy	2	1
Sachin Gupta	4	2
Ch. Harivithal Rao	4	4
M.V. Narasimha Rao	4	4
Murli Dhar Khattar	4	4
Susanta Kumar Moitra	2	1

**Audit Committee Meetings**

During the year ended 31<sup>st</sup> March, 2017, one Audit Committee Meeting was held on 18.05.2016.

**Attendance of members at the Audit Committee Meeting:**

The details of the attendance of the Directors at the Audit Committee meetings held during the year ended 31<sup>st</sup> March, 2017.

Name of the Director	Number of Audit Committee Meetings	
	Held	Attended
M.V. Narasimha Rao	1	1
K. Ravi Kumar Reddy	1	1
Ch. Harivithal Rao	1	1

**CSR Committee Meetings**

During the year ended 31<sup>st</sup> March, 2017, one CSR Committee Meeting was held on 28.12.2016.

**Attendance of members at the CSR Committee Meeting:**

The details of the attendance of the Directors at the CSR Committee meetings held during the year ended 31<sup>st</sup> March, 2017.

Name of the Director	Number of CSR Committee Meetings	
	Held	Attended
M.V. Narasimha Rao	1	1
Ch. Harivithal Rao	1	1
T. Rajiv Reddy	1	1

**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 financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that such accounting policies and applied them consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 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;

- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## **7. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mr. M.V. Narasimha Rao was re-appointed as Director of the Company in the category of Independent Director for the second term with effect from 3<sup>rd</sup> March, 2016 up to 2<sup>nd</sup> March, 2021 at the AGM held on 31.08.2016.

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

Mr. Sachin Gupta was appointed as an Additional Director of the Company with effect from 18<sup>th</sup> May, 2016.

Mr. Sachin Gupta was appointed as a Director of the Company with effect from 18<sup>th</sup> May, 2016 at the AGM held on 31.08.2016.

Mr. K. Ravi Kumar Reddy has resigned as Director of the Company with effect from 22<sup>nd</sup> November, 2016.

Mr. Susanta Kumar Moitra was appointed as an Additional Director of the Company with effect from 29<sup>th</sup> November, 2016.

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

## **8. DECLARATION BY INDEPENDENT DIRECTORS**

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

## **9. RE-APPOINTMENTS**

Mr. T. Rajiv Reddy, 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 has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration.

The Committee headed by Mr. M.V. Narasimha Rao as a Chairman and Mr. T. Rajiv Reddy and Mr.Ch. Harivithal Rao, members of the Committee.

**11. AUDITORS REPORT**

There are no qualifications in the Auditors Report. (

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

Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 is NIL.

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

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

**14. TRANSFER OF AMOUNT TO RESERVES**

The Company does not propose to transfer any amount to the general reserve for the Financial Year ended 31<sup>st</sup> March, 2017.

**15. DIVIDEND**

The Board of Directors does not recommend any dividend on the Equity Shares for the financial year ended 31<sup>st</sup> March, 2017.

**16. MATERIAL CHANGES AND COMMITMENTS**

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

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

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

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

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

The source of income for your Company is Annuity from HGCL (Hyderabad Growth Corridor Limited) as per the Concession Agreement and income earned out of temporary deployment of funds. Annuity from HGCL accounts for almost 98% of the total income of your Company. Since the Annuities are payable by HGCL in accordance with the Concession Agreement, your Company does not foresee any significant risk in receipt of these Annuities, in view of the fact that a revolving Letter of Credit will be obtained from HGCL upon final completion of the project, securing all future annuities. Your Company is ensuring that the conditions of the Concession Agreement are complied with, to ensure timely receipt of Annuities.

Your company has to receive the Annuities from the Telangana State of Government. The Telangana state is having a surplus budget and is at present the Second richest state in the Country and hence there is a very low risk of receiving the annuities.

Your Company has also ensured that proper systems are planned, implemented and effectively monitored to ensure that all accounting and financial transactions are properly authorized and recorded, so as to ensure that the financial statements are free from material misstatements.

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

The Company as a part of its Corporate Social Responsibility initiative undertook setting up green toilets in rural area.

The Company has spent an amount of Rs. 6,80,000/- towards improvement of health and sanitation to set up Green Toilets at several places.

## **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 as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees.

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

During the Financial Year ending on 31<sup>st</sup> March 2017, your Company had no subsidiaries and 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 as Company's Subsidiary, joint venture or associate company.

**22. CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

**24. DEPOSITS**

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

**25. 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.

**26. STATUTORY AUDITORS**

At the Annual General Meeting held on 26<sup>th</sup> August, 2015, M/s. Rao & Kumar Associates, Chartered Accountants, Hyderabad bearing ICAI Regd.No.003093S, 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 2018. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting.

Accordingly, the appointment of M/s. Rao & Kumar Associates, Chartered Accountants, Hyderabad bearing ICAI Regd.No.003093S, as statutory auditors of the Company, is placed for ratification by the shareholders. In this

regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

## 27. PARTICULARS OF EMPLOYEES

There are no employees in the Company who are drawing prescribed salary pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## 28. 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. .

## 29. 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.

## 30. 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.

## 31. ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place: Hyderabad

Date: 23<sup>rd</sup> May, 2017

T. Rajiv Reddy

Director

DIN: 06859435



Ch. Harivithal Rao

Director

DIN: 00012970

Form No. MGT-9

Annexure-1

**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended 31.03.2017**  
**[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the**  
**Companies (Management and Administration) Rules, 2014]**

<b>I. REGISTRATION AND OTHER DETAILS:</b>	
CIN	U45209TG2007PLC054992
Registration Date	02/08/2007
Name of the Company	HYDERABAD EXPRESSWAYS 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, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad - 500082, Telangana. E Mail: <a href="mailto:rajkumar@givl.co.in">rajkumar@givl.co.in</a> , Tel: 040-23310330
Whether listed company	Unlisted
Name, address and contact details of Registrar and Transfer Agent, if any	VENTURES CAPITAL AND CORPORATE INVESTMENTS PVT. LTD. Registered Office: 12-10-167, Bharath Nagar, Hyderabad - 500018, Telangana. E Mail: <a href="mailto:info@vccilindia.com">info@vccilindia.com</a> , Tel: 040-23818475 M/s. Bigshare Services Pvt. Ltd appointed as a new RTA with effect from 28 <sup>th</sup> April, 2017.

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

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

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)									
i) Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	-	2	2	0.003	-	2	2	0.003	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	18,35,658	-	18,35,658	92.70	18,35,658	-	18,35,658	92.70	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1):</b>	<b>18,35,658</b>	<b>2</b>	<b>18,35,660</b>	<b>92.703</b>	<b>18,35,658</b>	<b>2</b>	<b>18,35,660</b>	<b>92.703</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoters (A) = (A)(1)+(A)(2)</b>	<b>18,35,658</b>	<b>2</b>	<b>18,35,660</b>	<b>92.703</b>	<b>18,35,658</b>	<b>2</b>	<b>18,35,660</b>	<b>92.703</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(2) Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	1,44,342	-	1,44,342	07.29	1,44,342	-	1,44,342	07.29	0
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	4	4	0.007	-	4	4	0.007	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2):</b>	<b>1,44,342</b>	<b>4</b>	<b>1,44,346</b>	<b>07.297</b>	<b>1,44,342</b>	<b>4</b>	<b>1,44,346</b>	<b>07.297</b>	<b>0</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>1,44,342</b>	<b>4</b>	<b>1,44,346</b>	<b>07.297</b>	<b>1,44,342</b>	<b>4</b>	<b>1,44,346</b>	<b>07.297</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>19,80,000</b>	<b>6</b>	<b>19,80,006</b>	<b>100</b>	<b>19,80,000</b>	<b>6</b>	<b>19,80,006</b>	<b>100</b>	<b>0</b>



## ii) Shareholding of Promoters

S.No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Gayatri Infra Ventures Limited	7,27,452	36.74	-	7,27,452	36.74	-	-
2	Gayatri Projects Limited (Beneficial Interest - GIVL)	2,62,548	13.26	-	2,62,548	13.26	-	-
3	IL & FS Engineering & Construction Co. Ltd.	8,45,658	42.71	42.71	8,45,658	42.71	42.71	-
4	T V Sandeep Kumar Reddy	1	0.001	-	1	0.001	-	-
5	J. Brij Mohan Reddy	1	0.001	-	1	0.001	-	-
<b>Total</b>		<b>18,35,660</b>	<b>92.71</b>	<b>42.71</b>	<b>18,35,660</b>	<b>92.71</b>	<b>42.71</b>	<b>-</b>

## 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	-	-		
	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	-	-	-	-

**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	1,44,346	7.29	-	-
	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)	1,44,346	7.29	-	-

**(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**

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	<b>179,97,26,297</b>	<b>23,43,06,092</b>	<b>Nil</b>	<b>203,40,32,389</b>
ii) Interest due but not paid	<b>4,87,93,421</b>	<b>-</b>		<b>4,87,93,421</b>
iii) Interest accrued but not due	<b>-</b>	<b>42,78,94,408</b>		<b>42,78,94,408</b>
<b>Total (i+ii+iii)</b>	<b>184,85,19,718</b>	<b>66,22,00,500</b>	<b>Nil</b>	<b>251,07,20,218</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	<b>-</b>	<b>10,59,52,052</b>	<b>-</b>	<b>10,59,52,052</b>
Reduction	<b>44,37,20,169</b>	<b>-</b>	<b>-</b>	<b>44,37,20,169</b>
<b>Net Change</b>	<b>(44,37,20,169)</b>	<b>10,59,52,052</b>	<b>Nil</b>	<b>(33,77,68,117)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	<b>138,96,58,569</b>	<b>23,43,06,092</b>	<b>-</b>	<b>162,39,64,661</b>
ii) Interest due but not paid	<b>1,51,40,980</b>	<b>-</b>	<b>-</b>	<b>1,51,40,980</b>
iii) Interest accrued but not due	<b>-</b>	<b>53,38,46,460</b>	<b>-</b>	<b>53,38,46,460</b>
<b>Total (i+ii+iii)</b>	<b>140,47,99,549</b>	<b>76,81,52,552</b>	<b>Nil</b>	<b>217,29,52,101</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

During the Financial year company has not paid any remuneration to the Directors and 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. Ch. Harivithal Rao	Mr. M.V. Narasimha Rao	
	-Fee for attending Board/Committee Meetings	30,000	30,000	60,000
	-Commission			
	- Others, please specify			
	<b>Total (B)(1)</b>	<b>30,000</b>	<b>30,000</b>	<b>60,000</b>

**2. Other Non Executive Directors**

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
	-Fee for attending Board/Committee Meetings	-	-	-
	-Commission	-	-	-
	- Others, please specify	-	-	-
	<b>Total (B)(2)</b>	-	-	-
	<b>Total (B)= (B)(1)+ (B)(2)</b>	<b>30,000</b>	<b>30,000</b>	<b>60,000</b>

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

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

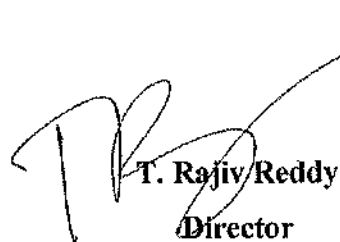
**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: -N.A.-** There are no Penalties, punishment, compounding of offences on the Company.

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

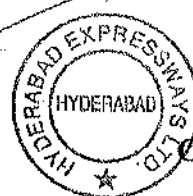
For and on behalf of the Board

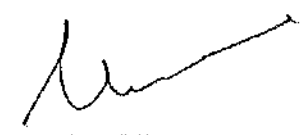
Place: Hyderabad

Date: 23<sup>rd</sup> May, 2017

  
T. Rajiv Reddy  
Director

DIN: 06859435



  
Ch. Harivithal Rao  
Director

DIN:00012970



## ANNEXURE-2

## Form No. AOC-2

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

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

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

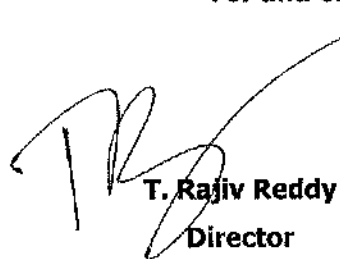
(a) Name(s) of the related party and nature of relationship	<b>NIL</b>
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Justification for entering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

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

(a) Name(s) of the related party and nature of relationship	During the year, no material contracts or arrangements have been entered into by the Company.
(b) Nature of contracts/arrangements/transactions	Not Applicable
(c) Duration of the contracts / arrangements/transactions	Not Applicable
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Not Applicable
(e) Date(s) of approval by the Board, if any:	Not Applicable
(f) Amount paid as advances, if any:	Not Applicable

For and on behalf of the Board

Place: Hyderabad

Date: 23<sup>rd</sup> May, 2017


**T. Rajiv Reddy**  
Director

DIN: 06859435




**Ch. Harivithal Rao**  
Director

DIN: 00012970



# RAO & KUMAR ASSOCIATES

## CHARTERED ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF HYDERABAD EXPRESSWAYS LIMITED,

#### Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of **HYDERABAD EXPRESSWAYS LIMITED** ('the Company'), which comprise the balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

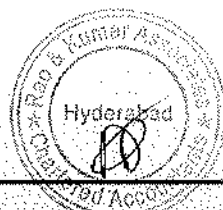
#### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's



preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

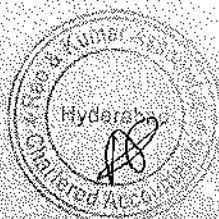
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### 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 143(11) of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under;
  - e) on the basis of written representations received from the directors, as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-A"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contract including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required by the company to be transferred to the Investor Education and Protection Fund, and;
- iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. However we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures with respect to currency held other than SBNs are in accordance with books of account maintained by the company and as produced to us by the management.

**For RAO & KUMAR ASSOCIATES**  
**Chartered Accountants**  
Regn. No. 003093S



Place : Hyderabad  
Date : 23.05.2017

*K. Meher*  
**CA.K.MEHER VENKATESWARA RAO**  
Partner  
M. No. 211534

**Annexure to the Independent Auditor's Report of Hyderabad Expressways Limited for the Year ended as on 31<sup>st</sup> March 2017**

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

- i. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;  
b) The Fixed assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification.  
c) The Company has no immovable property as on 31.03.2017.
- 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 any deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.
- vi. The Company is prima facie maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. As on 31st March 2017, 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 explanations given to us, there were no statutory dues pending in respect of income tax, sales tax, VAT, custom duty and cess etc. on account of any dispute.
- viii. The company has taken term loans from various banks and a financial institution. During the year the company has not defaulted in repayment of loan to the banks and financial institution. The Company has not taken any loans or borrowings from any Government and has not issued any debentures during the year.
- ix. Money raised by way of term loans were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer.
- x. According to information and explanations given to us by the management which have been relied by us, no frauds on or by the Company noticed or reported during the period under audit.
- xi. The Company has not paid any managerial remuneration, hence paragraph 3(xi) of the Order is not applicable to the company.
- xii. The Company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable to the





company.

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

**For RAO & KUMAR ASSOCIATES**  
**Chartered Accountants**  
Regn. No. 003093S



Place : Hyderabad  
Date : 23.05.2017

*K. Meher*  
**CA.K.MEHER VENKATESWARA RAO**  
Partner  
M. No. 211534

## **Annexure-A**

**Annexure referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Hyderabad Expressways Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

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

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



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

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For RAO & KUMAR ASSOCIATES**  
**Chartered Accountants**  
Regn. No. 003093S



Place : Hyderabad  
Date : 23.05.2017

*K. Meher*  
**CA.K.MEHER VENKATESWARA RAO**  
Partner  
M. No. 211534

**HYDERABAD EXPRESSWAYS LIMITED****Balance Sheet as at March 31, 2017**

(All amounts in Rs unless otherwise stated)

	Notes	As at		
		March 31, 2017	March 31, 2016	March 31, 2015
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, plant and equipment	3	5,13,499	6,82,675	13,53,762
Intangible assets				
(i) under SCA		-	-	-
Financial assets				
(i) Other financial assets		1,89,01,50,352	2,10,36,27,174	2,29,92,99,455
Other non-current assets	4	1,03,38,137	-	4,500
<b>Total Non-current Assets</b>		<b>1,90,10,01,988</b>	<b>2,10,43,09,849</b>	<b>2,30,06,57,717</b>
<b>Current Assets</b>				
<b>Financial assets</b>				
(i) Trade receivables	5	34,43,63,335	34,44,33,057	4,10,57,557
(ii) Cash and cash equivalents	6	37,35,600	2,73,60,830	13,97,07,336
(iii) Other financial assets	7	47,21,74,359	43,55,97,533	29,69,43,930
(c) Current tax assets (Net)	8	3,20,20,996	5,55,35,535	7,51,76,558
Other current assets	9	17,19,45,351	17,19,46,294	17,19,48,311
Assets classified as held for sale				
<b>Total Current Assets</b>		<b>1,02,42,39,641</b>	<b>1,03,48,73,249</b>	<b>72,48,33,692</b>
<b>Total Assets</b>		<b>2,92,52,41,629</b>	<b>3,13,91,83,098</b>	<b>3,02,54,91,409</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	10	1,98,00,060	1,98,00,060	1,98,00,060
Other Equity	11	25,22,91,748	21,51,43,177	18,26,56,579
<b>Total Equity</b>		<b>27,20,91,808</b>	<b>23,49,43,237</b>	<b>20,24,56,639</b>
<b>LIABILITIES</b>				
<b>Non-current Liabilities</b>				
<b>Financial Liabilities</b>				
(i) Long-term borrowings	12	1,28,67,02,161	1,61,41,64,889	1,91,21,38,911
(ii) Other financial liabilities	13	-	-	-
Provisions	14	30,69,28,341	25,23,75,000	20,74,26,460
<b>Total Non-current Liabilities</b>		<b>1,59,36,30,502</b>	<b>1,86,65,39,889</b>	<b>2,11,95,65,371</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
(i) Trade payables	15	11,65,60,427	10,19,98,803	4,89,25,944
(ii) Other financial liabilities	16	89,90,79,088	90,27,50,619	62,10,59,030
Provisions	17	4,27,68,870	3,14,45,647	3,29,33,304
Other current liabilities	18	11,10,934	15,04,903	5,51,121
<b>Total Current Liabilities</b>		<b>1,05,95,19,319</b>	<b>1,03,76,99,972</b>	<b>70,34,69,399</b>
<b>Total Equity and Liabilities</b>		<b>2,92,52,41,629</b>	<b>3,13,91,83,098</b>	<b>3,02,54,91,409</b>

Notes 1 to 45 forms part of the Financial Statements

As per our report of even date attached

For **RAO & KUMAR ASSOCIATES**

Chartered Accountants

Firm Regn. No. 0030935

**CA K. MEHER VENKATESWARA RAO**

Partner

Membership No. 211534

Place: Hyderabad

Date: 23rd May, 2017

For and on behalf of the Board

**T. RAJIV REDDY**

Director

DIN: 06859435

**CH. HARIVITHAL RAO**

Director

DIN: 00012970

**HYDERABAD EXPRESSWAYS LIMITED**

Statement of profit and loss for the year ended 31st March 2017

(All amounts in Rs unless otherwise stated)

	Notes	For the year ended	
		Mar 31, 2017	Mar 31, 2016
Revenue from operations	19	10,74,10,777	9,70,61,143
Financial Income	19	28,89,12,400	31,70,66,576
Income From Change of Scope		4,77,21,046	-
Other income	20	6,15,46,946	4,79,41,548
<b>Total Income</b>		<b>50,55,91,169</b>	<b>46,20,69,267</b>
<b>Expenses</b>			
Construction Cost	21	-	-
Operation & Maintenance Expenses	22	10,74,10,777	9,70,61,143
Change of Scope Expenses		4,77,21,046	-
Employee benefits expenses	23	68,16,000	71,92,800
Finance Costs	24	29,98,60,313	30,47,89,352
Depreciation and Amortisation Expenses	25	1,69,176	6,71,087
Other Expenses	26	1,67,38,683	66,73,956
<b>Total expenses</b>		<b>47,87,15,995</b>	<b>41,63,88,338</b>
Profit before exceptional items and tax		2,68,75,174	4,56,80,929
Add: Exceptional items		-	-
Profit before tax		2,68,75,174	4,56,80,929
Less: Tax expense			
(1) Current tax		15,35,291	1,31,94,331
(2) MAT credit entitlement		-	-
(2) Deferred tax		-	-
<b>Profit for the period</b>		<b>2,53,39,883</b>	<b>3,24,86,598</b>
<b>Total other comprehensive income</b>		-	-
<b>Total comprehensive income for the period</b>		<b>2,53,39,883</b>	<b>3,24,86,598</b>
Earnings per share (Face Value Rs. 10/- per share) Not annualised :			
(1) Basic (in Rs.)		12.80	16.41
(2) Diluted (in Rs.)		12.80	16.41

Notes 1 to 45 forms part of the Financial Statements

As per our report of even date attached

For RAO &amp; KUMAR ASSOCIATES

Chartered Accountants

Firm Regn. No. 0030935

K. Meher

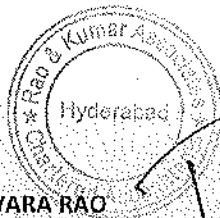
CA K. MEHER VENKATESWARA RAO

Partner

Membership No. 211534

Place: Hyderabad

Date: 23rd May, 2017

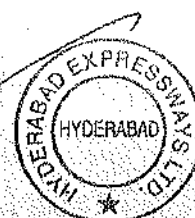


For and on behalf of the Board

T. RAJIV REDDY

Director

DIN: 06859435



CH. HARIVITHAL RAO

Director

DIN: 00012970

## HYDERABAD EXPRESSWAYS LIMITED

## Statement of Changes in Equity

## A. Share Capital:

## a. Equity share capital

Movement during the period	For the Year ended March 31, 2017		For the Year ended March 31, 2016	
	Number of shares	Share capital (Amount)	Number of shares	Share capital (Amount)
Shares having face value of Rs 10/-				
Balance at beginning of the period	19,80,006	1,98,00,060	19,80,006	1,98,00,060
Issued during the period				
Balance at the end of the period	19,80,006	1,98,00,060	19,80,006	1,98,00,060

## B. Other Equity

	Equity component of compound financial instruments	Reserves and Surplus		Other items of Other Comprehensive Income (specify nature)	Total
		Securities Premium Reserve	Retained Earnings		
Balance at the beginning of the reporting period i.e. 01.04.2016	42,78,94,408		-21,27,51,231		21,51,43,177
Changes in accounting policy or prior period errors	-		-		-
Restated balance at the beginning of the reporting period	42,78,94,408		-21,27,51,231		21,51,43,177
Total Comprehensive Income for the year	-		2,53,39,883		2,53,39,883
Dividends	-		-		-
Transfer to retained earnings	-		-		-
Any other change (to be specified)	-		-		-
Balance at the end of the reporting period i.e. 31.03.2017	42,78,94,408	-	-18,74,11,348		24,04,83,061

## Previous Year

	Equity component of compound financial instruments	Reserves and Surplus		Other items of Other Comprehensive Income (specify nature)	Total
		Securities Premium Reserve	Retained Earnings		
Balance at the beginning of the reporting period i.e. 01.04.2015	42,78,94,408		-24,52,37,829		18,26,56,579
Changes in accounting policy or prior period errors	-		-		-
Restated balance at the beginning of the reporting period	42,78,94,408		-24,52,37,829		18,26,56,579
Total Comprehensive Income for the year	-		3,24,86,598		3,24,86,598
Dividends	-		-		-
Transfer to retained earnings	-		-		-
Any other change (to be specified)	-		-		-
Balance at the end of the reporting period i.e. 31.03.2016	42,78,94,408	-	-21,27,51,231	-	21,51,43,177

Hyderabad



**HYDERABAD EXPRESSWAYS LIMITED**

Cash Flow Statement as on March 31, 2017

(All amounts in Rs unless otherwise stated)

Particulars	2016-17	2015-16
<b>Net profit / (loss) before tax and extraordinary items</b>	<b>2,53,39,883</b>	<b>3,24,86,598</b>
<b>Adjustment for</b>		
Depreciation and amortisation expense	1,69,176	6,71,087
MAT Credit entitlement for AY 2016-17	1,18,08,687	-
Interest expense	29,98,60,313	30,47,89,352
Interest Income	(6,09,29,959)	(4,67,89,959)
Dividend from Mutual Funds	(6,16,987)	(11,51,589)
<b>Operating profit before working capital changes</b>	<b>27,56,31,113</b>	<b>29,00,05,489</b>
<b>Adjustments for:</b>		
(Increase) / Decrease in Long Term Financial Assets	21,34,76,822	19,56,72,281
(Increase) / Decrease in Other Non Current Assets	(1,03,38,137)	4,500
(Increase) / Decrease in Trade Receivables	69,722	(30,33,75,500)
(Increase) / Decrease in Current Financial Assets	(3,65,76,826)	(13,86,53,603)
(Increase) / Decrease in Current Taxes	2,35,14,539	1,96,41,023
(Increase) / Decrease in Other Current Assets	943	2,017
Increase / (Decrease) in Long Term Provisions	5,45,53,341	4,49,48,540
Increase / (Decrease) in Trade Payables	1,45,61,624	5,30,72,859
Increase / (Decrease) in Other Financial Liabilities	(36,71,531)	28,16,91,589
Increase / (Decrease) in Short Term Provisions	1,13,23,223	(14,87,657)
Increase / (Decrease) in Other Current Liabilities	(3,93,969)	9,53,782
<b>Net Cash(used in)/generated from Operating Activities</b>	<b>A 54,21,50,864</b>	<b>44,24,75,320</b>
<b>Cash flow from investing activities</b>		
Dividend from Mutual Funds	6,16,987	11,51,589
Interest received	6,09,29,959	4,67,89,959
<b>Net cash (used in)/generated from investing activities</b>	<b>B 6,15,46,946</b>	<b>4,79,41,548</b>
<b>Cash flow from financing activities</b>		
Repayment of long term borrowings	(32,74,62,728)	(29,79,74,022)
Interest paid	(29,98,60,313)	(30,47,89,352)
<b>Net cash (used in)/generated from financing activities</b>	<b>C (62,73,23,040)</b>	<b>(60,27,63,374)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(2,36,25,230)</b>	<b>(11,23,46,506)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>2,73,60,830</b>	<b>13,97,07,336</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>37,35,600</b>	<b>2,73,60,830</b>

**Notes:**

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report of even date attached

**For RAO & KUMAR ASSOCIATES**

Chartered Accountants

Firm Regn. No. 0030935

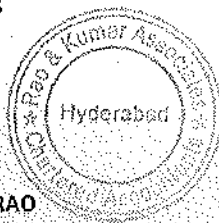
**CA K. MEHER VENKATESWARA RAO**

Partner

Membership No. 211534

Place: Hyderabad

Date: 23rd May, 2017

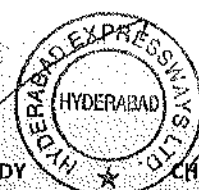


For and on behalf of the Board

**T. RAJIV REDDY**

Director

DIN: 06859435

**CH. HARIVITHAL RAO**

Director

DIN: 00012970

## Hyderabad Expressways Limited

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

(All amounts in ₹ unless otherwise stated)

#### 1. Corporate information

M/s Hyderabad Expressways Limited ("the Company") 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 2<sup>nd</sup> August, 2007 for the execution of the project "To Design, Construction, Development, Operation and Maintenance of eight lane access controlled Expressway under phase IIA programme as an extension of Phase I of Outer Ring Road (ORR) to Hyderabad City, in the state of Andhra Pradesh, India, for the package from Bongulur to Tukuguda from Km .108 to Km.121.00 ( Project reference No ORR/PH/II-A/BOT/AP4) on Build, Operate and Transfer (BOT) (Annuity) basis". The Company has entered into a concession Agreement with Hyderabad Growth Corridor Limited (HGCL), which has specified 30 months of construction period and 12.5 years of operations and maintenance period. The Company has achieved provisional Completion Certificate with effect from 16th August 2010. The company has applied for Final Completion Certificate.

#### 2. Summary of significant accounting policies

##### a) Basis of preparation of financial statements

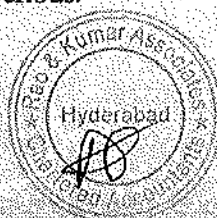
These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Unless otherwise stated, the accounting policies applied by the Group are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the group's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of work and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the group has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities

##### b) Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses. Examples of such estimates include the provision for doubtful receivables, determination of recoverable amounts of fixed assets, deferred tax assets, employee benefits and useful lives of fixed assets.

Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.



**Hyderabad Expressways Limited**  
**Summary of Significant Accounting Policies and Other Explanatory Information**  
(All amounts in ₹ unless otherwise stated)

**c) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a. Financial Asset**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through the Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, a 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

a) the rights to receive cash flows from the asset have expired, or

b) the Company has transferred its rights to receive cash flows from the asset, and (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**b. Financial Liability**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the Statement of Profit and Loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are



## **Hyderabad Expressways Limited**

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

(All amounts in ₹ unless otherwise stated)

recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through the Statement of Profit and Loss**

Financial liabilities at fair value through the Statement of Profit and Loss include financial liabilities designated upon initial recognition as at fair value through the Statement of Profit and Loss. Financial liabilities designated upon initial recognition at fair value through the Statement of Profit and Loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L.

However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through the Statement of Profit and Loss.

#### **Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of the Statement of Profit and Loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of the Statement of Profit and Loss.

#### **d) Fixed assets**

Tangible assets are stated at cost of acquisition, less accumulated depreciation thereon. The cost of an item of fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.



## Hyderabad Expressways Limited

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

(All amounts in ₹ unless otherwise stated)

Intangible assets represent commercial rights to collect toll fee in relation to roads projects which has been accounted at the cost incurred on the project activity towards reconstruction, strengthening, widening, rehabilitation of the roads on build, operate and transfer basis. It includes all direct material, labour and subcontracting costs, inward freight, duties, taxes, obligation towards negative grant payable to concessionaires, if any, and any directly attributable expenditure on making the commercial right ready for its intended use.

#### e) Depreciation and amortization

Depreciation of tangible assets is provided on the basis of straight line method in accordance with Schedule II to the Companies Act, 2013.

#### f) Impairment

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

#### g) Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

##### *Contract revenue*

- Revenue from construction contracts is recognized using percentage completion method as prescribed under Ind AS 11 "Construction Contracts" and with reference to stage of completion of the contract activity, at the reporting date. Depending on the nature and terms of individual contract, stage of completion is determined on the basis of the proportion of costs incurred for the work performed till date to the total estimated contract costs.
- Price escalation and other claims and/or variation in the contract work are included in the contract revenue only when:
  - Negotiations have reached an advanced stage such that it is probable that the customer will accept the claim; and
  - The amount that is probable will be accepted by the customer and can be measured reliably.
- Revenue from services rendered on a time and material basis is recognised as per the terms of contracts with customers and as and when the related services are performed. Revenue from fixed price arrangements is recognised using the completed contract method and accordingly, work completed and not billed, if any, is recognised as unbilled revenue as at the Balance Sheet date.



**Hyderabad Expressways Limited**  
**Summary of Significant Accounting Policies and Other Explanatory Information**  
(All amounts in ₹ unless otherwise stated)

*Development of highways*

In case of companies involved in construction and maintenance of roads, Once the infrastructure is in operation. In intangible assets model, toll revenue from operations is recognised on accrual basis which coincides with the collection of toll. In financial assets model, finance income is recognized using the effective interest method and revenue from operations and maintenance services (including periodic maintenance) are recognized in each period as and when services are rendered in accordance with Ind AS 18 revenue.

*Interest income*

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

*Dividend income*

Dividend income is accounted for when the right to receive is established.

**h) Borrowings Costs**

In Case of concession arrangement under financial asset model, borrowing Costs that are attributable to the acquisition and/or construction of the infrastructure are charged to The Statement of Profit and Loss in the period in which such costs are incurred.

In Case of concession arrangement under intangible asset model, borrowing cost of qualifying assets are capitalized as part of cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of time to get ready for its intended use. Any income on the temporary investments of borrowings is deducted from the borrowing cost. All borrowing cost subsequent to the capitalization of the intangible assets are charged to the Statement of Profit and Loss in the period in which such costs are incurred.

**i) Earnings/(loss) per share**

Basic earnings per share are calculated by dividing the net the Statement of Profit and Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net the Statement of Profit and Loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

**j) Employee 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) Leave encashment benefit on retirement on actuarial valuation basis.





**Hyderabad Expressways Limited**  
**Summary of Significant Accounting Policies and Other Explanatory Information**  
(All amounts in ₹ unless otherwise stated)

**k) Taxes on Income**

*Current Tax*

Tax on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

*Deferred Tax*

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year, and qualified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

At each reporting date, the entities in the group re-assess unrecognised deferred tax assets. It recognizes unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The entities in the group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off

current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

**l) Cash and Cash Equivalents**

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

**m) Provisions and contingent liabilities**

Provision is recognized when the Company has a present obligation as a result of a past event and when it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management's best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. A disclosure of a contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

**n) Claims**

- a. Company's claims against the Concessional Authority for additional scope of work, utility shifting etc. are accounted for as and when received.
- b. Contractor's claims regarding additional scope of work, utility shifting etc. are accounted for when related claims of the Company are received from the Concessional Authority.
- c. Other claims against/by the company are accounted for as and when accepted.





## **Hyderabad Expressways Limited**

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

(All amounts in ₹ unless otherwise stated)

#### **o) Pre-operative Expenditure**

Incidental expenditure incurred during construction period towards "Concessionaire Asset" is capitalised on completion of construction and obtaining related COD.

#### **p) Foreign currency transactions and derivatives**

- a. The reporting currency of the company is the Indian Rupee.
- b. Foreign currency transactions are recorded on initial recognition in the foreign currency, using the exchange rate on the date of the transaction.
- c. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of monetary items at the closing rate are adjusted in pre-operative expenses.



**HYDERABAD EXPRESSWAYS LIMITED**  
Notes to financial statements for the Year ended 31st March 2017

**3 Property, plant and equipment**  
**a Tangible Assets**

Tangible Assets									
Particulars	Cost or Deemed cost			Accumulated depreciation and impairment				Carrying Amount	
	Balance as at April 1, 2016	Additions	Disposals	Balance at March 31, 2017	Balance at April 1, 2016	Depreciation expense	Disposals	Balance at March 31, 2017	As at March 31, 2017
Property plant and equipment									
Computers	4,404	-	-	4,404	2,853	1,551	-	4,404	-
Office Equipments	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	96,586	-	-	96,586	13,295	13,259	-	26,554	70,032
Vehicles	12,52,772	-	-	12,52,772	6,54,939	1,54,365	-	8,09,305	4,43,467
Total	13,53,762	-	-	13,53,762	6,71,087	1,69,176	-	8,40,263	5,13,499

**Previous Year**

Previous Year	Cost or Deemed cost				Accumulated depreciation and impairment			Carrying Amount	
Particulars	Balance as at April 1, 2015	Additions	Disposals	Balance at March 31, 2016	Balance as at April 1, 2015	Depreciation expense	Disposals	Balance at March 31, 2016	As at March 31, 2016
Property plant and equipment									
Computers	4,404	-	-	4,404		2,853		2,853	1,551
Office Equipments	-	-	-	-		-		-	-
Furniture & Fixtures	96,586	-	-	96,586		13,295		13,295	83,291
Vehicles	12,52,772	-	-	12,52,772		6,54,939		6,54,939	5,97,833
Total	13,53,762	-	-	13,53,762	-	6,71,087	-	6,71,087	6,82,675

**b Intangible Assets**

Intangible Assets	Particulars	Cost or Deemed cost			Accumulated depreciation and impairment			Carrying Amount		
		Balance as at April 1, 2016	Additions	Disposals	Balance at March 31, 2017	Balance as at April 1, 2016	Depreciation expense		Disposals	Balance at March 31, 2017
	Rights under service concession arrangements-Carriageway	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-

**Previous Year**

Previous Year	Particulars	Cost or Deemed cost			Accumulated depreciation and impairment			Carrying Amount		
		Balance as at April 1, 2015	Additions	Disposals	Balance at March 31, 2016	Balance as at April 1, 2015	Depreciation expense		Disposals	Balance at March 31, 2016
	Rights under service concession arrangements-Carriageway	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-



**HYDERABAD EXPRESSWAYS LIMITED**
**Notes to financial statements for the Year ended 31st March 2017**
**4 Other Non Current Assets**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Telephone deposit			4,500
MAT Credit Receivable	1,03,38,137	-	-
<b>Total</b>	<b>1,03,38,137</b>	<b>-</b>	<b>4,500</b>

**5 Trade Receivables**

Particular	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Amount Receivable from Hyderabad Growth Corridor Ltd. towards Change of Scope	4,55,61,335	4,10,57,557	4,10,57,557
Amount Receivable from Hyderabad Growth Corridor Ltd. towards Annuity	29,88,02,000	30,33,75,500	-
<b>Total</b>	<b>34,43,63,335</b>	<b>34,44,33,057</b>	<b>4,10,57,557</b>

No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is partner, a director or a member.

**6 Cash and Cash Equivalents**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Balances with Banks</b>			
On current account	37,28,244	2,73,46,722	13,97,03,372
Cash in Hand	7,356	14,108	3,964
Investments in Mutual Fund (DDR)		-	-
<b>Total</b>	<b>37,35,600</b>	<b>2,73,60,830</b>	<b>13,97,07,336</b>

**7 Other Financial Assets**

Particular	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest Accrued on FDR		-	-
Due from Related Party	47,21,74,359	43,55,97,533	29,69,43,930
<b>Total</b>	<b>47,21,74,359</b>	<b>43,55,97,533</b>	<b>29,69,43,930</b>

**8 Current Tax Asset (Net)**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Income tax Refund Receivable	1,32,66,068	4,94,20,992	6,08,95,657
TDS Receivable	1,87,54,928	61,14,543	1,42,80,901
	<b>3,20,20,996</b>	<b>5,55,35,535</b>	<b>7,51,76,558</b>
<b>Current tax liabilities</b>			
Income tax payable	-	-	-
MAT Credit Entitlement	-	-	-
<b>Total</b>	<b>3,20,20,996</b>	<b>5,55,35,535</b>	<b>7,51,76,558</b>

**9 Other Current Assets**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Security Deposits(current)	-	-	-
Advances to related parties	-	-	-
Annuity Receivable from HGCL	17,19,11,018	17,19,11,017	17,19,11,017
Prepaid Expenses	34,333	35,277	37,294
<b>Total</b>	<b>17,19,45,351</b>	<b>17,19,46,294</b>	<b>17,19,48,311</b>



**HYDERABAD EXPRESSWAYS LIMITED**

Notes to financial statements for the Year ended 31st March 2017

**10 Equity Share Capital**

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
<b>SHARE CAPITAL</b>			
<b>AUTHORISED:</b>			
Equity Shares of Rs.10/- each	2,00,00,000	2,00,00,000	2,00,00,000
	<b>2,00,00,000</b>	<b>2,00,00,000</b>	<b>2,00,00,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP:</b>			
Equity Shares of Rs.10/- each fully paid up.	1,98,00,060	1,98,00,060	1,98,00,060
<b>Total</b>	<b>1,98,00,060</b>	<b>1,98,00,060</b>	<b>1,98,00,060</b>

Foot Notes:

**i. Reconciliation of the number of shares outstanding at the beginning and as on 31st March' 2017**

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Amount in Rs.	Number	Amount in Rs.
Number of equity shares at the beginning of the Year	19,80,006	1,98,00,060	19,80,006	1,98,00,060
Equity shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
<b>Number of equity shares at the end of the Year</b>	<b>19,80,006</b>	<b>1,98,00,060</b>	<b>19,80,006</b>	<b>1,98,00,060</b>

**ii) Rights / Preferences / Restrictions attaching to Equity Shares**

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. 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 period ended 31st March 2017, 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.

**iii. Shares held by holding/Ultimate holding company and/or their subsidiaries/associates**

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Jointly held by subsidiaries of Roadis Transportation B.V. and the ultimate holding company of the same is Public Sector Pension Investment Board	NIL		NIL	
<b>Total</b>				

**iv. Details of shareholders holding more than 5% shares in the company**

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Equity shares of 10/- each fully paid				
M/s Gayatri Infra Ventures Limited	7,27,452	36.74%	7,27,452	36.74%
M/s Gayatri Projects Limited	2,62,548	13.26%	2,62,548	13.26%
M/s Terra Projects Private Limited	1,44,342	7.29%	1,44,342	7.29%
M/s IL&FS Engineering & Construction Company Limited	8,45,658	42.71%	8,45,658	42.71%
<b>Total</b>	<b>19,80,000</b>	<b>100.00%</b>	<b>19,80,000</b>	<b>100.00%</b>



**HYDERABAD EXPRESSWAYS LIMITED**  
Notes to financial statements for the Year ended 31st March 2017

**11 Other Equity**

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Reserves and Surplus - Opening balance	(21,27,51,231)	(24,52,37,829)	(14,58,34,741)
Add: Profit/(Loss) during the year	2,53,39,883	3,24,86,598	1,24,39,011
Less: Interest Payable on Financial Asset			22,47,20,722
Add: MAT Credit entitlement for the AY 2016-17			83,65,56,408
Depreciation Adjustment as per Schedule II of the Companies Act 2013	1,18,08,687		(6,412)
Reserves and Surplus - Closing balance	(17,56,02,661)	(21,27,51,231)	(24,52,37,829)
Equity component of Unsecured loan	42,78,94,408	42,78,94,408	42,78,94,408
<b>Total Other Equity</b>	<b>25,22,91,748</b>	<b>21,51,43,177</b>	<b>18,26,56,579</b>

**Movement in other equity:**

	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve	Securities Premium Reserve	Other Reserves (specify nature)	Retained Earnings	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other Items of Comprehensive Income (specify nature)	Other Items of Money received against share warrants	Total
Balance at the beginning of the reporting period i.e. 01.04.2015		42,78,94,408				(21,27,51,231)								21,51,43,177
Changes in accounting policy or prior period errors														
Restated balance at the beginning of the reporting period		42,78,94,408				(21,27,51,231)								21,51,43,177
Total Comprehensive Income for the year						2,53,39,883								2,53,39,883
Dividends														
Transfer to retained earnings														
Any other change (to be specified)														
<b>Balance at the end of the reporting period i.e. 31.03.2017</b>		<b>42,78,94,408</b>				<b>(18,74,11,343)</b>								<b>24,04,83,061</b>

**Previous Year**

	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve	Securities Premium Reserve	Other Reserves (specify nature)	Retained Earnings	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other Items of Comprehensive Income (specify nature)	Other Items of Money received against share warrants	Total
Balance at the beginning of the reporting period i.e. 01.04.2015		42,78,94,408				(24,52,37,829)								18,26,56,579
Changes in accounting policy or prior period errors														
Restated balance at the beginning of the reporting period		42,78,94,408				(24,52,37,829)								18,26,56,579
Total Comprehensive Income for the year						3,24,86,598								3,24,86,598
Dividends														
Transfer to retained earnings														
Any other change (to be specified)														
Share allotted against application money received														
New share application money received														
Security Premium received on issue of Shares														
<b>Balance at the end of the reporting period i.e. 31.03.2015</b>		<b>42,78,94,408</b>				<b>(21,27,51,231)</b>								<b>21,51,43,177</b>





**HYDERABAD EXPRESSWAYS LIMITED**

Notes to financial statements for the Year ended 31st March 2017

**12 Long-term borrowings**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Secured Loans</b>			
From Banks	86,59,14,265	1,13,55,51,993	1,38,08,41,015
Financial Institution- IIFCL	18,64,81,804	24,43,06,804	29,69,91,804
<b>Unsecured</b>			
From related party	21,72,31,312	21,72,31,312	21,72,31,312
From Others	1,70,74,780	1,70,74,780	1,70,74,780
<b>Total</b>	<b>1,28,67,02,161</b>	<b>1,61,41,64,889</b>	<b>1,91,21,38,911</b>

**a) Nature of Security for Secured Loans:**

The loans from Banks and Others are secured by way of first pari passu charge in favour of the lenders/security agent to the project by way of hypothecation of:

a) All monies including Annuity receivable from HGCL to the credit of the Escrow Account.

b) All rights, title, interest, benefits, claims and demands of the company under Project Agreements subject to the provisions of 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 as per the provisions of the Financing Documents of the Project

**b) Terms of repayment of Secured Loans**

The Term loans from banks and financial institutions are repayable in 21 unequal installments commencing from 31st March 2011 till 31st March 2021

**c) Rate of Interest on Secured Loans**

The rate of interest on secured term loan is in accordance with the terms and conditions stipulated by the Common Loan Agreement and as mutually agreed between the Company and the lenders, which is presently at 11.50% p.a.

**d) Terms of repayment of Unsecured Loans**

The Unsecured Loans are in the nature of Zero-Interest Subordinate Shareholders' Contribution and are repayable after the Secured Loans are repaid in full, to the lenders.

**e) Period and Amounts of continuing defaults as on Balance Sheet Date:**

Particulars	Default Period	Default Amount	
		Principal (Rs)	Interest (Rs)
Allahabad Bank	31 Mar'17		16,94,990
Dena Bank	31 Mar'17		16,51,392
ICICI Bank	31 Mar'17		17,15,773
IIFCL	Jan 2017 to Mar'17	1,00,00,000	27,41,312
Indian Bank	31 Mar'17		27,56,642
United Bank of India	31 Mar'17		27,45,811
Vijaya Bank	31 Mar'17		18,25,060
<b>Total</b>		<b>1,00,00,000</b>	<b>1,51,30,980</b>



**HYDERABAD EXPRESSWAYS LIMITED**
**Notes to financial statements for the Year ended 31st March 2017**
**13 Other Financial liabilities (Long Term)**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Retention Money Payable to EPC Contractos	-	-	-
<b>Total</b>	-	-	-

**14 Long Term Provision**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for major maintainance	30,69,28,341	25,23,75,000	20,74,26,460
<b>Total</b>	<b>30,69,28,341</b>	<b>25,23,75,000</b>	<b>20,74,26,460</b>

**15 Trade Payables**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Contractors & suppliers payable	11,64,39,027	10,19,33,003	4,88,18,344
Other payable	1,21,400	65,800	1,07,600
<b>Total</b>	<b>11,65,60,427</b>	<b>10,19,98,803</b>	<b>4,89,25,944</b>

The identification of micro, small and medium enterprise suppliers as defined under the provisions of "Micro, Small and Medium Enterprises Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on 31 March 2017 or 31 March 2016.

**16 Other Financial liabilities (Current)**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current maturity of long term debt	35,24,03,480	46,86,60,921	28,18,96,357
Interest accrued and due on borrowing	-	-	-
Implicit Cost Payable on Other Loans	53,38,46,460	42,78,94,408	33,65,56,408
Review Charges Payable on term loans	1,20,391	2,66,043	62,922
Others payables	1,27,08,757	59,29,247	25,43,343
<b>Total</b>	<b>89,90,79,088</b>	<b>90,27,50,619</b>	<b>62,10,59,030</b>

**17 Short Term Provisions**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for Periodic Maintenance Fee	-	73,02,875	-
Provision for other expenses	4,25,00,071	1,09,48,441	3,19,18,471
Provision for Income Tax	2,68,799	1,31,94,331	10,14,833
<b>Total</b>	<b>4,27,68,870</b>	<b>3,14,45,647</b>	<b>3,29,33,304</b>

**18 Other Current liabilities**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Statutory Dues</b>			
TDS Payable	11,10,934	15,04,903	5,50,721
Professional Tax Payable	-	-	400
<b>Total</b>	<b>11,10,934.00</b>	<b>15,04,903</b>	<b>5,51,121</b>



**HYDERABAD EXPRESSWAYS LIMITED****Notes to financial statements for the Year ended 31st March 2017****19 Revenue from operation**

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Operation & Maintenance Income	10,74,10,777	9,70,61,143
Interest Income	28,89,12,400	31,70,66,576
<b>Total</b>	<b>39,63,23,177</b>	<b>41,41,27,719</b>

**20 Other income**

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Dividend from Mutual Funds	6,16,987	11,51,589
Interest on Advances	5,52,75,973	4,38,14,590
Interest on Income Tax Refund	56,53,986	29,75,369
<b>Total</b>	<b>6,15,46,946</b>	<b>4,79,41,548</b>

**21 Construction Cost**

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Construction Cost	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**22 Operating expenses**

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Major Maintenance expenses	5,45,53,341	4,49,48,540
Periodic Maintenance Expenses	2,72,33,678	2,59,81,990
Other Maintenance Expenses	2,56,23,758	2,61,30,613
<b>Total</b>	<b>10,74,10,777</b>	<b>9,70,61,143</b>

**a) Major Maintenance Expenditure:**

Major Maintenance Expenditure of Rs 5,45,53,341 ( Previous Year Rs 4,49,48,540) comprises of amounts payable to the O&M Contractor, M/s Gayatri Projects Ltd in terms of O&M Agreement dated 9th April 2010.

**b) Periodic Maintenance Expenditure:**

Periodic Maintenance Expenditure of Rs 2,72,33,678/- ( Previous Year Rs 2,59,81,990/-) comprises of amounts payable to the O&M Contractor, M/s Gayatri Projects Ltd in terms of O&M Agreement dated 9th April 2010.



**HYDERABAD EXPRESSWAYS LIMITED****Notes to financial statements for the Year ended 31st March 2017****23 Employee benefit expenses**

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Salaries	68,16,000	71,92,800
<b>Total</b>	<b>68,16,000</b>	<b>71,92,800</b>

**24 Finance cost**

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Interest on Term Loan	19,31,07,828	21,13,40,087
Unwinding of Interest	-	-
Interest on Other Loans	10,59,52,052	9,13,38,000
Bank Charges	6,28,683	19,40,675
Other Finance Charges	1,71,750	1,70,590
<b>Total</b>	<b>29,98,60,313</b>	<b>30,47,89,352</b>

**25 Depreciation and amortisation**

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Depreciation on Tangible Assets	1,69,176	6,71,087
Amortisation of Carriage way	0	-
<b>Total</b>	<b>1,69,176</b>	<b>6,71,087</b>

**26 Other Expenses**

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Rent	20,13,064	18,92,646
Insurance Expenses	77,608	81,560
Credit Rating Fee	-	1,71,750
CSR	6,80,000	-
Vehicle Maintenance	58,222	8,280
Directors Sitting Fee	60,000	50,000
Audit fee	2,87,500	2,82,150
Other expenses	1,35,62,289	41,87,570
<b>Total</b>	<b>1,67,38,683</b>	<b>66,73,956</b>



**HYDERABAD EXPRESSWAYS LIMITED****Notes to financial statements for the Year ended 31st March 2017****27 Breakup of financial assets and financial liabilities carried at amortized cost**

	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Financial assets</b>			
Trade receivables	34,43,63,335	34,44,33,057	4,10,57,557
Cash and cash equivalents	37,35,600	2,73,60,830	13,97,07,336
Loans	47,21,74,359	43,55,97,533	29,69,43,930
Others	17,19,45,351	17,19,46,294	17,19,48,311
<b>Total</b>	<b>99,22,18,645</b>	<b>97,93,37,714</b>	<b>64,96,57,134</b>
<b>Financial liabilities</b>			
Borrowings	1,28,67,02,161	1,61,41,64,889	1,91,21,38,911
Trade payables	11,65,60,427	10,19,98,803	4,89,25,944
Other financial liabilities	89,90,79,088	90,27,50,619	62,10,59,030
<b>Total</b>	<b>2,30,23,41,676</b>	<b>2,61,89,14,311</b>	<b>2,58,21,23,885</b>

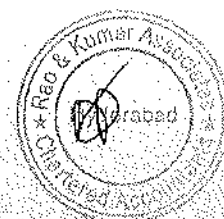
The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature. The carrying value of Rupee Term Loan and Loan from Related Party approximate fair value as the instruments are at prevailing market rate.

**28 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, 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, are described below. 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 Company. Such changes are reflected in the assumptions when they occur.



## **HYDERABAD EXPRESSWAYS LIMITED**

### **Notes to financial statements for the Year ended 31st March 2017**

#### **29 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.

#### **30 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.

##### **a) Market Risk**

The Company's activities expose it primarily to the financial risks of changes in interest rates. There has been no change to the company's exposure to market risks or the manner in which these risks are managed and measured.

##### **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.

##### **c) Credit risk**

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

##### **d) Capital management**

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



**HYDERABAD EXPRESSWAYS LIMITED**

Notes to financial statements for the Year ended 31st March 2017

**31 PRIOR PERIOD INCOME**

S.No	Particulars	For the Year ended 31.03.2017	For the Year ended 31.03.2016
1	Prior Period Income	-	-
	Total	-	-

**32 SPECIFIED BANK NOTES**

Particulars	SBNs	Other Denomination	Total
Closing Cash in Hand as on 8.11.2016	500 x 16	100 x 18 10 x 7 2 x 2	9,874
(+) Permitted Receipts		2000 x 80	1,60,000
(-) Permitted Payments		2000 x 15 100 x 16 10 x 2 2 x 4	31,628
(-) Amount Deposited In Banks	500 x 16	2000 x 46	1,00,000
Closing Cash in Hand as on 30.12.2016		2000 x 19 100 x 2 10 x 4 2 x 3	38,246

**33 OTHER NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Claims against the company/disputed liabilities not acknowledged as debts-Rs Nil ( As at 31.03.2016-Rs Nil)

Estimated amount of Contracts remaining to be executed on Capital Account-Rs Nil ( As at 31.03.2016-Rs Nil)

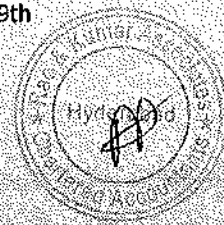
The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end (and for the previous year) together with interest paid/ payable as required under the said Act has not been given.

The Companies activities during the current financial year revolved around operation of the project (refer Note 1 above). Considering the nature of Company's business and operations, there are no separate reportable segments (Business &/or Geographical) in accordance with the requirements of Accounting Standard-17 on 'Segment Reporting' issued by the ICAI.

Deferred tax has not been recognized under Accounting Standard 22 (AS-22) issued by the Institute of Chartered Accountants of India (ICAI) in view of Accounting Standards Interpretation (ASI)-3 "Accounting for Taxes on Income in the situations of Tax Holiday under Sections 80-IA of the Income Tax Act 1961" issued by ICAI. According to the said ASI, the deferred tax in respect of timing differences which reverse during the tax holiday period should not be recognized to the extent the enterprise's gross total income is subject to the deduction during the tax holiday period as per the requirements of the Act.

The Company has no liability for employee benefits, in accordance with the provisions of Accounting Standard-15 "Employee Benefits". Hence, no provision has been made in the books of account.

The Capitalized amount of the Carriageway is amortized proportionately from the period commencing from 19th June 2010 up to the end of the Concession period, as per the Concession Agreement.



# HYDERABAD EXPRESSWAYS LIMITED

Notes to financial statements for the Year ended 31st March 2017

## 34 Related Party Disclosures (As per AS-18):

### List of Related parties

- i. Shareholders having substantial Interest
  - a. Gayatri Infra Ventures Limited (GIVL)
  - b. IL & FS Engineering and Construction Company Ltd.
- ii. Key Management personnel
  - a. T.Rajiv Reddy – Director
- iii. Relatives of Key Management personnel
  - a. T. Subbarami Reddy
  - b. T. Indra Reddy
  - c. T. Sandeep Kumar Reddy
- iv. List of Enterprises in which Key Management personnel and /or their relatives have significant
  - a. Gayatri Projects Limited
  - b. Deep Corporation Private Limited
  - c. Cyberabad Expressways Limited

### v. Details of transactions with related parties as on 31st March 2017:

S.No	Particulars	Amount of Transaction	Debit Balance as on 31.03.2017	Credit Balance as on 31.03.2017
1	Subscription of Equity	-	-	1,83,56,580
		-	-	(1,83,56,580)
2	Unsecured loan	-	-	54,41,43,420
		-	-	(54,41,43,420)
3	Payment for Change of Scope	-	-	2,41,36,624
		-	-	(2,41,36,624)
4	O&M Expenses	1,70,72,618	-	4,23,23,080
		(2,59,81,990)	-	(2,52,50,462)
5	Interest earned on Advances	5,52,75,973	18,09,10,065	-
		(4,38,14,590)	(13,11,61,689)	-
6	Short Term Advance	(1,31,71,550)	29,12,64,294	-
		(9,79,04,556)	(30,44,35,844)	-
7	Rent	20,13,064	-	4,65,363
		(18,92,646)	-	-

Figures in brackets relate to previous year.

## 35 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.

S.No	Particulars	As on 31.03.2017	As on 31.03.2016
1	Net Profit/(Loss) after tax attributable to Equity shareholders	2,53,39,883	3,24,86,598
2	Weighted Average number of Equity Shares outstanding :: B	19,80,006	19,80,006
	Basic and Diluted Earnings (Loss) per share :: A / B	12.80	16.41

## 36 REMUNERATION PAID TO AUDITORS:

S.No	Particulars	As on 31.03.2017	As on 31.03.2016
1	For Statutory Audit (incl. Service Tax)	2,30,000	2,29,000
2	For Tax Audit (incl. Service Tax)	57,500	57,250
3	For Other Services (incl. Service Tax)	-	-
	Total	2,87,500	2,86,250





## **HYDERABAD EXPRESSWAYS LIMITED**

### **Notes to financial statements for the Year ended 31st March 2017**

**37 Earnings and Expenditure in Foreign Currency: ₹ Nil (Previous Year ₹ Nil)**

**38** Based on the review of the future discounted cash flow, the recoverable amount of the project facility is more than its carrying amount. Accordingly, no provision for the impairment is made in the books of accounts.

**39** In the opinion of the Board, assets other than fixed assets and non-current investments have a value in the ordinary course of business at least equal to the amount at which they are stated.

**40** Balances of loans and advances, suppliers and contractors are subject to confirmation and reconciliation.

#### **41 First-time adoption of Ind AS**

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

#### **Notes to First time adoption of Ind AS**

##### **Fair valuation of interest free loans from related parties**

Under previous GAAP, the loans received from related parties are recorded at transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly the Company has fair valued these loans under Ind AS. The difference between the carrying value and the fair value on the date of transaction has been treated as Equity Component of Loans from related parties and interest expenses on these loans from the date of transaction till the date of transition has been treated as an decrease in Retained earnings as on date of transition i.e. 1 April 2015. Further, the interest expenses for the year ended 31 March 2016 and 31 March 2017 is treated as an expense in the Statement of Profit and Loss for respective financial years.





**HYDERABAD EXPRESSWAYS LIMITED**

Notes to financial statements for the Year ended 31st March 2017

**42 Ind AS Reconciliations**

**a) Reconciliation of total equity :**

	As at March 31, 2016 (Previous Year)	As at April 01, 2015 Date of Transition
<b>Total equity/Shareholders' funds under previous GAAP</b>	(6,33,59,040)	(11,36,02,083)
<b>Adjustment :</b>		
Equity component of unsecured loan recognised	42,78,94,408	42,78,94,408
Unwinding of Interest up to 31.03.2015	(33,65,56,408)	(33,65,56,408)
Interest Exp on Financial Liability during the year	(9,13,38,000)	-
Reversal of Annuity Income Received	(60,98,00,000)	-
Interest Income on Financial Asset Recognized during the year	31,70,66,576	-
O&M Revenue Recognized during the Year	5,21,12,603	-
MMR Revenue Recognized during the Year	4,49,48,540	-
Reversal of Provision for MMR o/s as on 31.03.2015	-	-
Reversal Of Depreciation Expense	26,92,53,836	-
Difference Between Financial Asset and Pervious Carriageway	22,47,20,722	22,47,20,722
<b>Total</b>	<b>23,49,43,237</b>	<b>20,24,56,639</b>

**b) Reconciliation of total Comprehensive income for the Period :**

Particulars	For the year ended Mar 31, 2016
Profit as per Previous GAAP	5,02,43,044
<b>Adjustment :</b>	
Reversal of Provision for MMR	-
Interest Exp on Financial Liability during the year	(9,13,38,000)
Reversal of Annuity Income	(60,98,00,000)
Interest Income on Financial Asset	31,70,66,576
O&M Revenue recognised during the year	5,21,12,603
MMR Revenue recognised during the year	4,49,48,540
Depreciation Expense	26,92,53,836
<b>Total</b>	<b>3,24,86,599</b>

**Note :** Under Previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with loss after tax under the Previous GAAP.

a) Under Previous GAAP, Interest free Loan from related parties has been recognised at Nominal Value i.e Consideration Received under Long term Borrowing. However As per IND AS, Interest Free Loan is an unsecured Loan i.e a Financial Liability which is to be recognized at Fair value on initial recognition. Fair value has been worked out on the basis of prevailing market rate of Interest for a similar loan and estimating the repayment date. The difference between the Loan amount and the fair value is treated as Equity Component of Loan. The Loan will be measured at amortized cost subsequently on EIR. Every year Interest will be charged to the P&L Account.



## 43 Ind AS Reconciliations (continued)

## c) Reconciliation of equity as at 31 March 2015

	Notes	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, plant and equipment		2,07,59,32,495	(2,07,45,78,733)	13,53,762
Intangible assets				
(i) under SCA		-	-	-
Financial assets				
(i) Other financial assets		-	2,29,92,99,455	2,29,92,99,455
Other non-current assets		4,500	-	4,500
<b>Total Non-Current Assets</b>		<b>2,07,59,36,995</b>	<b>22,47,20,722</b>	<b>2,30,06,57,717</b>
<b>Current Assets</b>				
Financial assets				
(i) Trade receivables		4,10,57,557	-	4,10,57,557
(ii) Cash and cash equivalents		13,97,07,336	-	13,97,07,336
(iii) Other financial assets		29,69,43,930	-	29,69,43,930
(c) Current tax assets (Net)		-	7,51,76,558	7,51,76,558
Other current assets		24,71,24,869	(7,51,76,558)	17,19,48,311
Assets classified as held for sale		-	-	-
<b>Total Current Assets</b>		<b>72,48,33,692</b>	<b>-</b>	<b>72,48,33,692</b>
<b>Total Assets</b>		<b>2,80,07,70,687</b>	<b>22,47,20,722</b>	<b>3,02,54,91,409</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital		1,98,00,060	-	1,98,00,060
Other equity		(13,34,02,143)	31,60,58,722	18,26,56,579
<b>Total Equity</b>		<b>(11,36,02,083)</b>	<b>31,60,58,722</b>	<b>20,24,56,639</b>
<b>LIABILITIES</b>				
<b>Non-current Liabilities</b>				
Financial Liabilities				
(i) Long-term borrowings		2,34,00,33,319	(42,78,94,408)	1,91,21,38,911
(ii) Other financial liabilities				
Provisions		20,74,26,460	-	20,74,26,460
<b>Total Non-current Liabilities</b>		<b>2,54,74,59,779</b>	<b>(42,78,94,408)</b>	<b>2,11,95,65,371</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Trade payables		4,89,25,944	-	4,89,25,944
(ii) Other financial liabilities		28,45,02,622	33,65,56,408	62,10,59,030
Provisions		3,29,33,304	-	3,29,33,304
Other current liabilities		5,51,121	-	5,51,121
<b>Total Current Liabilities</b>		<b>36,69,12,991</b>	<b>33,65,56,408</b>	<b>70,34,69,399</b>
<b>Total Equity and Liabilities</b>		<b>2,80,07,70,687</b>	<b>22,47,20,722</b>	<b>3,02,54,91,409</b>



## 43 Ind AS Reconciliations (continued)

## d) Reconciliation of equity as at 1 April 2016 (date of transition to Ind AS)

	Notes	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, plant and equipment		1,80,60,07,573	(1,80,53,24,897)	6,82,676
Intangible assets				
(i) under SCA		-	-	-
Financial assets				
(i) Other financial assets		-	2,10,36,27,174	2,10,36,27,174
Other non-current assets		-	-	-
<b>Total Non-Current Assets</b>		<b>1,80,60,07,573</b>	<b>29,83,02,277</b>	<b>2,10,43,09,850</b>
<b>Current Assets</b>				
Financial assets				
(i) Trade receivables		34,44,33,057	-	34,44,33,057
(ii) Cash and cash equivalents		2,73,60,830	-	2,73,60,830
(iii) Other financial assets		43,55,97,533	-	43,55,97,533
(c) Current tax assets (Net)		-	5,55,35,535	5,55,35,535
Other current assets		22,74,81,828	(5,55,35,535)	17,19,46,293
Assets classified as held for sale		-	-	-
<b>Total Current Assets</b>		<b>1,03,48,73,248</b>	<b>-</b>	<b>1,03,48,73,248</b>
<b>Total Assets</b>		<b>2,84,08,80,821</b>	<b>29,83,02,277</b>	<b>3,13,91,83,098</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital		1,98,00,060	-	1,98,00,060
Other equity		(8,31,59,100)	29,83,02,277	21,51,43,177
<b>Total Equity</b>		<b>(6,33,59,040)</b>	<b>29,83,02,277</b>	<b>23,49,43,237</b>
<b>LIABILITIES</b>				
<b>Non-current Liabilities</b>				
Financial Liabilities				
(i) Long-term borrowings		2,04,20,59,297	(42,78,94,408)	1,61,41,64,889
(ii) Other financial liabilities				
Provisions		25,23,75,000	-	25,23,75,000
<b>Total Non-current Liabilities</b>		<b>2,29,44,34,297</b>	<b>(42,78,94,408)</b>	<b>1,86,65,39,889</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Trade payables		10,19,98,803	-	10,19,98,803
(ii) Other financial liabilities		47,48,56,211	42,78,94,408	90,27,50,619
Provisions		3,14,45,647	-	3,14,45,647
Other current liabilities		15,04,903	-	15,04,903
<b>Total Current Liabilities</b>		<b>60,98,05,564</b>	<b>42,78,94,408</b>	<b>1,03,76,99,972</b>
<b>Total Equity and Liabilities</b>		<b>2,84,08,80,821</b>	<b>29,83,02,277</b>	<b>3,13,91,83,098</b>



**HYDERABAD EXPRESSWAYS LIMITED**

Notes to financial statements for the Year ended 31st March 2017

**43 Ind AS Reconciliations (continued)****e) Reconciliation of profit or loss for the year ended 31 March 2016**

	Notes	Previous GAAP	Adjustments	Ind AS
Revenue from operations		60,98,00,000	(51,27,38,857)	9,70,61,143
Other Income		4,79,41,548	-	4,79,41,548
Finance Income		-	31,70,66,576	31,70,66,576
<b>Total income</b>		<b>65,77,41,548</b>	<b>(19,56,72,281)</b>	<b>46,20,69,267</b>
Expenses				
Employee benefits expense		71,92,800	-	71,92,800
Finance costs		21,34,51,352	9,13,38,000	30,47,89,352
Depreciation and amortization expense		26,99,24,922	(26,92,53,835)	6,71,087
Operating & Maintenance Expenses		9,70,61,143	-	9,70,61,143
Other expenses		66,73,956	-	66,73,956
<b>Total expense</b>		<b>59,43,04,173</b>	<b>(17,79,15,835)</b>	<b>41,63,88,338</b>
Profit before tax from continuing operations		6,34,37,375	(1,77,56,446)	4,56,80,929
<b>Profit for the year</b>		<b>6,34,37,375</b>	<b>(1,77,56,446)</b>	<b>4,56,80,929</b>

44 Previous Year figures have been regrouped/reclassified to confirm to the classification adopted in the current year.

45 Figures have been rounded off to the nearest rupee.

For RAO &amp; KUMAR ASSOCIATES

Chartered Accountants

Firm Regn. No. 003093S

K. Meher

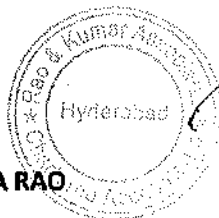
CA K. MEHER VENKATESWARA RAO

Partner

Membership No. 211534

Place: Hyderabad

Date: 23rd May, 2017

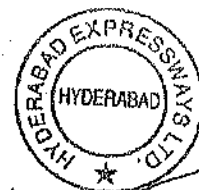


For and on behalf of the Board

T. RAJIV REDDY

Director

DIN: 06859435



CH. HARIVITHAL RAO

Director

DIN: 00012970