# HAZARIBAGH RANCHI EXPRESSWAY LIMITED

# ANNUAL REPORT

# 2016-17

**Board's Report**

**To,**
The Shareholders
Hazaribagh Ranchi Expressway Limited

Your Directors have pleasure in presenting the Eighth Annual Report along with the Audited Financial Statements for the year ended March 31, 2017

## FINANCIAL RESULTS

The financial results of the Company are as under

**(Amt in Rupees)**

| **Particulars** | **For the Year ended 31.03.2017** | **For the Year ended 31.03.2016** |
|---|---|---|
| Total Income | 927,791,624 | 731,657,459 |
| Less: Total Expenditure | 262,919,886 | 161,732,874 |
| Profit /(Loss) before finance charges, Tax, Depreciation/Amortization (PBITDA) | 664,871,737 | 569,924,584 |
| Less : Finance Charges | 1067,917,397 | 1104,188,132 |
| Profit /(Loss) before Depreciation/ Amortization (PBTDA) | (403,045,659) | (534,263,548) |
| Less/ (Loss) : Depreciation | 12,725 | 13,278 |
| Net Profit /(Loss) before Taxation (PBT) | (403,058,384) | (534.276,826) |
| Provision for taxation | - | - |
| Profit/(Loss) after Taxation (PAT) | (403,058,384) | (534.276,826) |
| Provision for proposed dividend | - | - |
| Dividend tax | - | - |

## DIVIDEND AND RESERVES

Due to inadequacy of profits, your Directors have not recommended any dividend for the year under review

**OPERATIONS**

Your Company continued to maintain and operate the Hazaribagh Ranchi Road project to the performance standards in accordance with the contractual requirements. During the year under review, the Company received annuity payment of Rs. 128.14 Crores from National Highways Authority of India

The Concession Agreement (CA) was signed on October 08, 2009 and Appointed Date for the project was August 1, 2010. The Concession Period is for 18 years from the appointed date. The Commercial Operation Date as September 15, 2012

**INTERNAL CONTROL SYSTEM**

The Company had implemented an internal control framework (ICF) covering various aspects of the business which enables a stage-wise/process-wise confirmation of the compliance of the control self-assessment to be provided by the maker and reviewer of transactions and also facilitates audit, both at the Corporate and at the project levels. The internal audit is carried out by a firm of Chartered Accountants using the ICF and they report directly to the Audit Committee of the Board of Directors. The Corporate Audit function plays a key role in providing both the operating management and the Board's Audit Committee with an objective view and reassurance of the overall control systems.. The ICF is periodically modified so as to be consistent with operating changes for improved controls and effectiveness of internal control and audit.

The Internal Auditor's scope and authority are derived from the Internal Audit Plan, which is approved by the Audit Committee. The plan is modified from time to time to meet requirements arising from changes in law as well as out of the improved controls resulting from the implementation of the ICF. Internal audits are conducted every quarter and covers operations, accounting, secretarial and administration functions. It also provides special reference to compliances based on the audit plan. Internal audit reports are placed before the Audit Committee at regular intervals for review discussion and suitable action.

**STATUTORY AUDITORS**

M/s. Luthra & Luthra, Chartered Accountants, (Firm Registration No. 002081N) Statutory Auditors, were re-appointed as the Auditors of the Company to hold office from the conclusion of the Annual General Meeting (AGM) held on September 30th, 2014 till the conclusion of the 10th AGM of the Company to be held in 2019 for a period of five years, subject to ratification of their appointment by the Members at every AGM. A Certificate confirming their eligibility under Section 141 of the Companies Act, 2013 and Rules framed thereunder to continue as Auditors for the Financial Year (FY) 2017-18 have been received Statutory Auditors . The Members are requested to ratify the appointment of M/s. Luthra & Luthra as Statutory Auditors of the Company till the conclusion of the next AGM and to authorise the Board to fix their remuneration for the FY 2017-18

The report of the Statutory Auditor for the FY 2016-17 does not contain any qualifications, reservations or adverse remarks or disclaimers.

## COST AUDITOR AND COST AUDIT REPORT

Pursuant to Section 148 of the Companies Act 2013 and the Companies (Cost Records and Audit) Rules 2014 framed thereunder, the Board of Directors at their meeting held on August 25, 2016 had on the recommendation of the Audit Committee appointed Chivilkar Solanki & Associates, Cost Accountant (Firm Registration No. 000468 ) as the Cost Auditor of the Company for the FY 2016-17

Chivilkar Solanki & Associates has confirmed their eligibility for appointment for the F.Y 2017-18 and that they are free from any disqualifications for being appointed as Cost Auditors under the provisions of the Companies Act, 2013

The Board of Directors has recommended to the Members remuneration payable to Chivilkar Solanki & Associates, Cost Auditor for the F.Y 2017-18 to be approved at the ensuing AGM

## SECRETARIAL AUDIT & SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s Jayshree Dagli & Associates, Mumbai, (CP No. 487), Company Secretaries in whole-time practice to carry out the Secretarial Audit of the Company for the Financial Year 2016-17

The report of the Secretarial Auditor is enclosed as Annexure A. The report does not contain any qualification

## SHARE CAPITAL/DEBENTURES

During the year under review there was no change in the Share Capital of the Company.

During the year under review, the Company had issued and Allotted 71,500 Secured, Redeemable, Listed, Non-Convertible Debentures (the "Debentures") of the face value of ₹ 1,00,000/- (Rupees One Lakh only) comprising 53,800 redeemable, listed, rated, secured non-convertible senior (as per the terms and conditions set forth in the Debenture Documents) debentures aggregating to ₹ 538,00,00,000 (Rupees Five Hundred and Thirty Eight Crores Only) (“Senior Financing/ Series I”) and 17,700 redeemable, listed, rated, secured non-convertible junior (as per the terms and conditions set forth in the Debenture Documents) debentures aggregating to ₹ 177,00,00,000 (Rupees One Hundred and Seventy Seven Crores Only) (“Junior Financing/ Series II”) on a private placement basis. The Senior Financing and Junior Financing together aggregates to ₹ 715,00,00,000 (Rupees Seven Hundred and fifteen Crores only),

During the year under review, the Company had partially redeemed the Unlisted Secured Redeemable Non- Convertible Debentures by Face Value on September 30, 2016

During the year under review, your Company has not allotted any equity shares with differential voting rights nor has granted any stock option or sweat equity. As on 31st March, 2017, none of the directors of the Company hold instruments convertible into Equity Shares of the Company

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has not incorporated/formed any Subsidiary, Joint Venture, Associate Company or LLPs during the year under review

## CHANGE IN THE NATURE OF BUSINESS

During the year under review there was no change in the nature of its business

## OTHER DISCLOSURES REQUIRED UNDER COMPANIES ACT, 2013

### Extract of the Annual Return

The extract of Annual Return as on the financial year ended March 31, 2017 in Form No. MGT-9 is enclosed as Annexure B

### Corporate Governance

(i) Board of Directors

Upon the recommendation of Nomination and Remuneration Committee, the board had appointed Mr. Sanjay Rane (DIN No.:01634461) and Mr. Capt.Swapan Paul (DIN No: 07182866) as Additional Directors Effective November 17, 2016

Mr. Paresh Shah (DIN No.: 00390117) resigned as Director of the Company effective November 4, 2016

Ms. Sumathy Sivramkrishnan (DIN No.:06720409) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer herself for re-appointment. Your Directors recommend her appointment

The Company has received intimation from all the Independent Directors confirming the fulfillment of the criteria of independence as provided under Section 149(6) of the Companies Act, 2013

The Board of Directors met 6 times during the year viz. April 28, 2016, August 5, 2016, August 25, 2016, October 7, 2016, November 17, 2016 and February1, 2017. The details of the board meetings and the attendance of the `Directors are provided below:

| Sr. No | Name of Directors | No. of Board Meetings held during tenure | Meetings attended |
|---|---|---|---|
| 1 | Mr. Sanjay Rane | 2 | 2 |
| 2 | Ms.Sumathy Sivaramakrishnan | 6 | 6 |
| 3 | Mr. Sanjay Minglani | 6 | 5 |

| | | | |
|---|---|---|---|
| 4 | Mr. Vijay Kini | 6 | 6 |
| 5 | Mr. Milan Chakravarti | 6 | 6 |
| 6 | Mr. Paresh Shah* | 4 | 2 |
| 7 | Mr. Prashant Agrawal | 6 | 5 |
| 8 | Capt. Swapan Paul | 2 | 2 |

* Ceased to be Director with effect from November 4, 2016

(ii) Key Managerial Personnel

The Company has appointed Mr. Gautam Kumar Tandasi, Manager, Mr. Chandrakant Jagasia, Chief Financial Officer and Mr. Dilip Darji, Company Secretary as the Key Managerial Personnel of the Company

(iii) Audit Committee

Audit Committee constituted in terms of Section 177 of the Companies Act, 2013 met 6 times during the year viz. April 28, 2016, August 5, 2016, August 23, 2016, October 7,2016, November 15,2016 and January 31, 2017. The details of the meetings and the attendance of the Members are provided below:

| **Sr. No** | **Name of Directors** | **No. of Meetings held during tenure** | **Meetings attended** |
|---|---|---|---|
| 1 | Mr. Vijay Kini | 6 | 6 |
| 2 | Mr. Paresh Shah* | 4 | 2 |
| 3 | Mr. Milan Chakravarti | 6 | 6 |
| 4 | Mr. Sanjay Rane | 1 | 1 |

* Ceased to be Director with effect from November 4, 2016

Pursuant to resignation of Mr. Paresh Shah (DIN No: 00390117), the Committee was reconstituted in the Board Meeting held on November 17, 2016 by inducting Mr. Sanjay Rane (DIN: 01634461) as its member. Presently the Committee comprises of Mr. Vijay Kini (DIN: 06612768), Mr. Milan Chakravarti (DIN: 07104909) and Mr. Sanjay Rane (DIN: 01634461) as its Members

All the recommendations of the Audit Committee during the year were accepted by the Board of Directors

(iv) Corporate Social Responsibility Committee

In terms of Section 135 of the Companies Act, 2013, constitution of CSR Committee is not applicable to the Company

(v) Nomination & Remuneration Committee

The Nomination and Remuneration Committee met once as on April 28, 2016. The details of the meetings and the attendance of the Members are provided below:

| Sr. No | Name of Directors | No. of Meetings held during tenure | Meetings attended |
|---|---|---|---|
| 1 | Mr. Vijay Kini | 1 | 1 |
| 2 | Mr. Paresh Shah* | 1 | 1 |
| 3 | Mr. Milan Chakravarti | 1 | 1 |
| 4 | Mr. Sanjay Rane | NA | NA |

* Ceased to be Director with effect from November 4, 2016

Pursuant to resignation of Mr. Paresh Shah (DIN No: 00390117), the Committee was reconstituted in the Board Meeting held on November 17, 2016 by inducting Mr. Sanjay Rane (DIN: 01634461) as its member. Presently the Committee comprises of Mr. Vijay Kini (DIN: 06612768), Mr. Milan Chakravarti (DIN: 07104909) and Mr. Sanjay Rane (DIN: 01634461) as its Members

The Manager appointed by the Company are not paid any remuneration. Further, there are no employees on the rolls of the Company. In view of the aforesaid, no disclosures are required to be made in terms of Rule 5 of the Appointment and Remuneration of Managerial Personnel Rules 2014

(vi) Committee of Directors:

The Board of Directors has duly constituted the Committee of Directors in terms of Section 179(3) of the Companies Act, 2013 comprising of Mr. Vijay Kini (DIN: 06612768), Ms. Sumathy Iyer (DIN: 06720409) and Mr. Prashant Agarwal (DIN: 02348083) as its Members. There were no committee meetings were held during the year under review

| Sr. No | Name of Directors | No. of Meetings held during tenure | Meetings attended |
|---|---|---|---|
| 1 | Mr. Vijay Kini | 0 | 0 |
| 2 | Ms. Sumathy Iyer | 0 | 0 |
| 3 | Mr. Prashant Agarwal | 0 | 0 |

**Related Party Transactions**

All related party transactions during the year under review have been entered into in ordinary course of business and on arm's length basis and are in compliance with the applicable provisions of the Companies Act, 2013. There are no materially significant transactions made with any of the related parties of the Company

Accordingly, there are no contracts or arrangements with related parties to be disclosed in Form AOC-2 pursuant to Clause (h) of Sub section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014

The Company has developed a Related Party Transactions Policy & Framework for the purpose of identification and approval of such transactions. A Statement of all related party transactions consummated as per the Related Party Transactions Policy & Framework is placed before the Audit Committee every quarter.

**Conservation of energy, technology absorption, foreign exchange earnings and outgo**

Since, the Company does not have any manufacturing facility, the other particulars required to be provided in terms of the disclosures required under Rule 8(3) of the Companies (Accounts) Rules, 2014 are not applicable to the Company. There was no earning or outgoing in foreign exchange during the year under review

**Vigil mechanism for directors and employees**

In accordance with the provisions of the Companies Act, 2013 the Company has established a vigil mechanism by adopting a Whistle Blower Policy for the directors and employees to report genuine concerns or grievances

The administration of the vigil mechanism is being done through Audit Committee

We confirm that during the financial year 2016-17, no employee of the Company was denied access to the Audit Committee

**Deposits**

During the year under review the Company has not accepted Fixed Deposits

**Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013**

During the year under review, the Company has not made any investments nor given any loans / guarantees /provided security in connection with a loan granted to any person or body corporate in terms of Section 186 of the Companies Act, 2013

**Performance Evaluation:**

In terms of the provisions of the Companies Act, 2013, a formal annual evaluation needs to be carried out by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be carried out by the entire Board of Directors, excluding the director being evaluated

The performance evaluation of all the Directors, Committees and the Board was carried out by the Nomination & Remuneration Committee, Independent Directors and Board at their respective meetings

**Policy for Prevention of Sexual Harassment at workplace**

The Company has provided a safe and dignified work environment for its employees which is free of discrimination, intimidation and abuse. The Company has adopted a Policy for Prevention of Sexual Harassment of Women at Workplace under the provisions of The Sexual Harassment of Women at

Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act"). The objective of this policy is to provide protection against sexual harassment of women at workplace and for redressal of complaints of any such harassment. The Internal Complaints Committee to redress the complaints received under the Act is in place

No complaints have been received during the year under review

**Material Changes and Commitments affecting the financial position of the Company**

Except as disclosed elsewhere in this report, there have been no material changes and commitments that has occurred between the end of the financial year of the Company and date of this report which can affect the financial position of the Company.

**Significant and Material Orders passed by the Regulators or Courts or Tribunals**

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

**Particulars of Employees**

There were no such employees of the Company for which the information required to be disclosed pursuant to Section 197 of the Companies Act 2013 read with Rule 5(2)&(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**Risk Management**

Your Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. There are no risks which in the opinion of the Board affect the Company operations on going concern basis.

The Board periodically reviews the risks and measures are taken for mitigation

**Directors' Responsibility Statement**

In terms of provisions of Section 134(5) of the Companies Act, 2013, your Directors based on the representations received from the Operating Management confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the [~~profit~~ / loss] of the company for that period;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the annual accounts on a going concern basis;

(e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Acknowledgements**

The Directors place on record their appreciation for the support and co-operation received from various Government Authorities including National Highway Authority of India and other Regulatory Authorities, Banks, Financial Institutions and Shareholders of the Company

For and behalf of the Board

Sanjay Minglani
Chairman
(DIN: 02960939)

Mumbai, August 2, 2017

**FORM NO. MGT 9**
**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2016**

***Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.***

## I. REGISTRATION & OTHER DETAILS:

| | | |
|---|---|---|
| 1. | CIN | U45203MH2009PLC191070 |
| 2. | Registration Date | 19/03/2009 |
| 3. | Name of the Company | Hazaribagh Ranchi Expressway Limited |
| 4. | Category/Sub-category of the Company | Company Limited by Shares |
| 5. | Address of the Registered office & contact details | The IL&FS Financial Centre, Plot C 22, G Block, Bandra Kurla Complex, Mumbai-400051, Contact No. 022-26533333, Email ID: itnl.secretarial@ilfsindia.com |
| 6. | Whether listed company | The Company is having its Non-Convertible Debentures listed on the National Stock Exchange |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Link InTime India Pvt Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, Phone: +91 22 25963838 |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---|---|---|---|
| 1 | Construction and maintenance of motorways, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways | 42101 | 100 % |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| S.no. | Name and Address of The company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable section |
|---|---|---|---|---|---|
| 1 | IL&FS Transportation Networks Limited | L45203MH2000PLC129790 | Holding | **99.99%** | 2 (87)(ii) |

**VI. SHARE HOLDING 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 | |
| **A. Promoter s** | | | | | | | | | |
| (1) **Indian** | - | - | - | - | - | - | - | - | - |
| a) Individual/ HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | 130986900 | 130986900 | 99.99 % | 13,09,86,840 | 60 | 130986900 | 99.99% | Nil |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (1):-** | - | 130986900 | 130986900 | 99.99 % | 13,09,86,840 | 60 | 130986900 | 99.99% | Nil |
| (2) Foreign | - | - | - | - | - | - | - | - | - |
| a) NRIs- Individual | - | - | - | - | - | - | - | - | - |
| b) Other – Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| d) Banks/FI | - | - | - | - | - | - | - | - | - |
| e) Any Other… | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (2):-** | - | - | - | - | - | - | - | - | - |
| **Total shareholding of Promoter (A) = (A)(1)+(A)(2)** | - | **130986900** | **130986900** | **99.99 %** | **13,09,86,840** | **60** | **130986900** | **99.99%** | **Nil** |
| **B. Public Shareholding** | | | | | | | | | |
| 1. Institutions | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 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) | - | | | | | | | | - |
| **Sub-total (B)(1):-** | | | | | | | | | |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| i) Indian | - | 13100 | 13100 | 0.01% | - | 13100 | 13100 | 0.01 % | - |
| ii) Overseas | - | | | | | | | | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(2):-** | - | **13100** | **13100** | **0.01%** | - | **13100** | **13100** | **0.01 %** | - |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | - | **13100** | **13100** | **0.01%** | - | **13100** | **13100** | **0.01 %** | - |
| **C. Shares held by Custodian for GDRs & ADRs** | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | - | **13,10,00,000** | **13,10,00,000** | **0.01%** | - | **13,10, 00,00 0** | **13,10,00,000** | **0.01 %** | **Nil** |

**ii) Shareholding of Promoter-**

| Sl. No. | Shareholder's 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** | IL&FS Transportation Networks Limited | 13,09,86,900 | 99.99 % | - | 13,09,86,900 | 99.99 % | - | **Nil** |
| | **Total** | 13,09,86,900 | 99.99 % | | 13,09,86,900 | 99.99 % | - | **Nil** |

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

**There is no change in the Promoters' Shareholding during the year under review**

| Sl.No. | Particulars | 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 | Nil | Nil | Nil | Nil |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | Nil | Nil | Nil | Nil |
| | At the end of the year | Nil | Nil | Nil | Nil |

**iv) Shareholding Pattern of top ten Shareholders:**

**(Other than Directors, Promoters and Holders of GDRs and ADRs):**

| SN | For Each of the Top 10 Shareholders | Name of the Shareholder | 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 |
| | | Punj Llyod | | | | |
| | At the beginning of the year | | 13,100 | 0.01% | 13,100 | 0.01% |
| | 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 | | 13,100 | 0.01% | 13,100 | 0.01% |

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

| **S. No.** | **Name of the Director** | | **Shareholding at the beginning of the year** | | **Cumulative Shareholding during the year** | |
|---|---|---|---|---|---|---|
| | | **Shareholding of each Directors and each Key Managerial Personnel** | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| **1** | . Mr. Vijay Kini | At the beginning of the year | 10 | - | 10 | **-** |
| | | Date wise Increase / Decrease in | Nil | Nil | Nil | Nil |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | 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 | **10** | **-** | **10** | **-** |
| | | | | | | |
| **2** | Mr. Prashant Agarwal | At the beginning of the year | 10 | - | 10 | **-** |
| | | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / | Nil | Nil | Nil | Nil |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | bonus/ sweat equity etc): | | | | |
| | | At the End of the year | **10** | **-** | **10** | **-** |
| | | | | | | |

Note: Mr. Vijay Kini and Mr. Prashant Agarwal is holding the aforesaid equity shares jointly with IL&FS Transportation Networks Limited

V) **INDEBTEDNESS -**Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(in Rs. )

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 6,138,092,342 | 3,483,277,160 | - | 9,621,369,502 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| **Total (i+ii+iii)** | 6,138,092,342 | 3,483,277,160 | - | 9,621,369,502 |
| **Change in Indebtedness during the financial year** | | | | |
| * Addition | 7,150,000,000 | 910,000,000 | - | 8,060,000,000 |
| * Reduction | (5,954,563,454) | (2,542,697,085) | - | (8,497,260,539) |
| **Net Change** | 1,195,436,546 | (1,632,697,085) | - | (437,260,539) |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 7,333,528,888 | 1,850,580,075 | - | 9,184,108,963 |
| ii) Interest due but not paid | | 40,328,348 | - | 40,328,348 |
| iii) Interest accrued but not due | - | - | - | - |
| **Total (i+ii+iii)** | **7,333,528,888** | **1,890,908,423** | **-** | **9,224,437,311** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

| **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 | Nil | Nil | Nil | Nil | Nil |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil | Nil | Nil | Nil |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | Nil | Nil | Nil | Nil | Nil |
| 2. | Stock Option | Nil | Nil | Nil | Nil | Nil |
| 3. | Sweat Equity | Nil | Nil | Nil | Nil | Nil |
| 4. | Commission<br>- as % of profit<br>- others, specify | Nil | Nil | Nil | Nil | Nil |
| 5. | Others, please specify | Nil | Nil | Nil | Nil | Nil |
| | Total (A) | Nil | Nil | Nil | Nil | Nil |
| | Ceiling as per the Act | being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 | | | | |

B. Remuneration to other directors (Amt in Rs)

| SN. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| 1 | Independent Directors | Milan Chakravarti | Paresh Shah | Sanjay Rane | Capt.Swapan Paul | | |
| | Fee for attending board committee meetings | 140000 | 60000 | 30000 | 20000 | | 250000 |
| | Commission | - | - | - | - | | - |
| | Others, please specify | - | - | - | - | | - |
| | Total (1) | **140000** | **60000** | **30000** | **20000** | | **250000** |
| 2 | Other Non-Executive Directors | Sanjay Minglani | Vijay Kini | Sumathy Iyer | Prashant Agarwal | | |
| | Fee for attending board committee meetings | 50000 | 130000 | 60000 | 50000 | | 290000 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Commission | - | - | - | - | | - |
| | Others, please specify | - | - | - | - | | - |
| | Total (2) | **50000** | 130000 | **60000** | **50000** | | **290000** |
| | Total (B)=(1+2) | **190000** | **190000** | **90000** | **70000** | | **540000** |
| | Total Managerial Remuneration | - | - | - | - | | - |
| | Overall Ceiling as per the Act | being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 | | | | | |

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

| SN | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO | CS | CFO | Total |
| 1 | Gross salary | Nil | Nil | Nil | Nil |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil | Nil | Nil | Nil |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil | Nil | Nil |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil | Nil |
| 3 | Sweat Equity | Nil | Nil | Nil | Nil |
| 4 | Commission | Nil | Nil | Nil | Nil |
| | - as % of profit | Nil | Nil | Nil | Nil |
| | others, specify… | Nil | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil | Nil |
| | Total | | | | |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

| | | | | | |
|---|---|---|---|---|---|
| Compounding | Nil | Nil | Nil | Nil | Nil |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |

For and behalf of the Board

Sanjay Minglani
Chairman
(DIN: 02960939)

Mumbai, August 2, 2017

Jayshree S. Joshi
B. Com. (Hons.), LL.B., F.C.S.
PROPRIETRESS

PHONE : 2262 2341 - 2 - 3
E-MAIL : jayshreedagli@gmail.com
suyashri@vsnl.com

JAYSHREE DAGLI & ASSOCIATES
COMPANY SECRETARIES

**Form No. MR-3**

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2017

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,
The Members,
**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**
**Mumbai**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hazaribagh Ranchi Expressway Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

**(A)** We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Hazaribagh Ranchi Expressway Limited** ("the Company") for the financial year ended 31st March, 2017 according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings;

**Contd ..... 2.**

JAYSHREE DAGLI & ASSOCIATES
MUMBAI
COMPANY SECRETARIES

Office No. 5, 1st Floor, Rajabahadur Compound, Bldg. No. 5, 43 - Tamarind Lane, Fort, Mumbai 400 023.
(Opp. Allahabad Bank, Bombay Samachar Marg).

Jayshree S. Joshi
B. Com. (Hons.), LL.B., F.C.S.
PROPRIETRESS

PHONE : 2262 2341 - 2 - 3
E-MAIL : jayshreedagli@gmail.com
suyashri@vsnl.com

JAYSHREE DAGLI & ASSOCIATES
COMPANY SECRETARIES



5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-

   (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (c) The Securities and Exchange Board of India (Issue and Listing Debt Securities) Regulations, 2008;

   (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. Based on the nature of the business activities of the Company, the following regulations/laws etc. are considered to be applicable to the Company :

   a. Concession Agreement with National Highway Authority of India (NHAI)
   b. Building And Other Construction Workers (Regulation Of Employment And Conditions Of Service) Act, 1996
   c. Environment (Protection) Act, 1986
   d. Air (Prevention And Control Of Pollution) Act, 1981
   e. Water (Prevention And Control Of Pollution) Act, 1974
   f. Forest Conservation Act, 1980
   g. Hazardous Wastes (Management And Handling) Rules, 1989
   h. Labour Laws, to the extent applicable.

**(B)** We have also examined compliance of the applicable clauses of Secretarial Standards for Board Meetings (SS – 1) and for General Meetings (SS – 2).

During the period under review, the Company has generally complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the year under review, the provisions of following Acts/Rules/Regulations were not applicable to the Company:

(i) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014;

(ii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009;

**Contd ..... 3.**

JAYSHREE DAGLI & ASSOCIATES * COMPANY SECRETARIES * MUMBAI

Jayshree S. Joshi
B. Com. (Hons.), LL.B., F.C.S.
PROPRIETRESS

PHONE : 2262 2341 - 2 - 3
E-MAIL : jayshreedagli@gmail.com
suyashri@vsnl.com

JAYSHREE DAGLI & ASSOCIATES
COMPANY SECRETARIES



(iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998.

(iv) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

**We further report that –**

The Board of Directors of the Company is duly constituted with proper balance of Executive/ Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the relevant Act.

Adequate notice had been given to all the Directors to schedule the Board & Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except in respect Board Meetings held on 05.08.2016 & 07.10.2016 and Audit Committee Meetings held on 05.08.2016 and 07.10.2016 respectively, which were called at shorter notice and where at least one Independent Director was present as provided in Section 173 of the Companies Act, 2013 and in point 1.3.11 of Secretarial Standard – 1) and that a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Unanimous decisions were carried through as there was no case of dissent of any Director in respect of any decision and was accordingly captured and recorded as part of the minutes.

**We further report that–**

There are adequate systems and processes in place in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the year under audit, the Company had specific events/actions as detailed in **Annexure – I** to this Report having impact on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to herein above.

**For JAYSHREE DAGLI & ASSOCIATES**
**COMPANY SECRETARIES**
**Unique Code: S1995MH013400**

Jayshree S. Joshi

**JAYSHREE S. JOSHI**
**F.C.S.1451 C.P.487**

Place: Mumbai
Date: 8th May, 2017

Jayshree S. Joshi
B. Com. (Hons.), LL.B., F.C.S.
PROPRIETRESS

PHONE : 2262 2341 - 2 - 3
E-MAIL : jayshreedagli@gmail.com
suyashri@vsnl.com

JAYSHREE DAGLI & ASSOCIATES
COMPANY SECRETARIES

**Annexure – I**

**TABLE SHOWING SPECIFIC EVENTS AND ACTIONS OF HAZARIBAGH EXPRESSWAY LIMITED FOR FINANCIAL YEAR 2016-17**

| Sr. No. | Particulars of the Events and Actions | Date of Board Meeting /Committee Meeting | Date of General Meeting |
|---|---|---|---|
| 1. | Alteration of Memorandum of Association and Adoption of new set of Articles of Association of the Company. | 28.04.2016 (Board Meeting) | 21.09.2016 (Annual General Meeting) |
| 2. | Admission of Equity Shares of the Company with National Securities Depository Limited (NSDL) or Central Depository Services Limited (CDSL) to demat the Equity shares of the Company and to appoint M/s Link Intime India Private Limited, Mumbai as its Registrar & Transfer Agent (RTA). | Circular Resolution passed on 13.05.2016 noted at the Board Meeting held on 25.08.2016 | - |
| 3. | Admission of Securities of the Company with Central Depository Services Limited (CDSL) to demat the Certificates of the Shareholders, Bond holders & Debenture holders of Company and to appoint M/s Link Intime India Private Limited, Mumbai as its Registrar & Transfer Agent (RTA). | Circular Resolution passed on 30.09.2016 noted at the Board Meeting held on 07.10.2017 | - |
| 4. | Consider and approve the transactions to be entered into with ITNL, the promoter, in connection with the proposal for transfer of the entire equity share capital held by ITNL in the Company to the IL&FS Trust. | 07.10.2016 (Board Meeting & Audit Committee) | - |
| 5. | Amendment to the Subordinate Debt Agreement entered into with ITNL. | 07.10.2016 (Board Meeting & Audit Committee) | - |
| 6. | Conversion of Interest free subordinate debt granted by ITNL into equity. | 07.10.2016 (Board Meeting & Audit Committee) | - |
| 7. | Resignation of Mr. Paresh Shah as NED-ID w.e.f. 04.11.21016. | 17.11.2016 (Board Meeting) | - |

JAYSHREE DAGLI & ASSOCIATES MUMBAI COMPANY SECRETARIES

**Contd ..... 2.**

Jayshree S. Joshi
B. Com. (Hons.), LL.B., F.C.S.
PROPRIETRESS

PHONE : 2262 2341 - 2 - 3
E-MAIL : jayshreedagli@gmail.com
suyashri@vsnl.com

JAYSHREE DAGLI & ASSOCIATES
COMPANY SECRETARIES



| | | | |
|---|---|---|---|
| 8. | Appointment of Mr. Sanjay Rane as Additional Director & Independent Director w.e.f. 17.11.2016. | 17.11.2016 (Board Meeting) | 20.01.2017 (Extra-Ordinary General Meeting) |
| 9. | Appointment of Captain Swapan Paul as Additional Director & Independent Director w.e.f. 17.11.2016. | 17.11.2016 (Board Meeting) | 20.01.2017 (Extra-Ordinary General Meeting) |
| 10. | Reconstitution of Audit Committee, Nomination & Remuneration Committee and Internal Complaint Committee. | 17.11.2016 (Board Meeting) | - |
| 12. | Issue of Secured, Rated, Listed, Redeemable, Non-Convertible Debentures and/or subordinated Debt Instruments and/or other instruments for an aggregate amount not exceeding Rs. 725 crores. | 17.11.2016 (Board Meeting) | 20.01.2017 (Extra-Ordinary General Meeting) |
| 13. | Allotment of 53,800 redeemable, listed, rated, secured non convertible senior debentures aggregating to Rs 538 crores and 17,700 redeemable, listed, rated, secured non convertible junior debenture arregrating to Rs 177 crores and Both aggregating to Rs 715 crores. | Circular Resolution passed on 14.02.2017 | - |

JAYSHREE DAGLI & ASSOCIATES * COMPANY SECRETARIES * MUMBAI

Office No. 5, 1st Floor, Rajabahadur Compound, Bldg. No. 5, 43 - Tamarind Lane, Fort, Mumbai 400 023.
(Opp. Allahabad Bank, Bombay Samachar Marg).

**Corporate Office** : A16/9, Vasant Vihar, New Delhi – 110 057, India.
T: +91.11.26151853, 42591800 F: +91.11.26145222 E: delhi@llca.net W: www.llca.net
**Branch Offices** : Bengaluru | Mumbai | Noida

**Independent Auditor's Report**
**To the members of Hazaribagh Ranchi Expressway Limited**

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Hazaribagh Ranchi Expressway Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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.

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 thereunder.

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

Luthra & Luthra
New Delhi
Chartered Accountants

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the 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 state of affairs of the Company as at 31st March, 2017, and its profit (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 (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

    c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts

    d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act

    e) On the basis of the 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.

Luthra & Luthra
New Delhi
Chartered Accountants

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 B"; 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 has disclosed the impact of pending litigation on its financial position in its Ind AS financial statement- Refer note 29 to Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 30 to the Ind AS financial statements.

For Luthra & Luthra
Chartered Accountants
Reg. No. 002081N

Luthra & Luthra
New Delhi
Chartered Accountants

Akhilesh Gupta
Partner
M.No: 089909

Place: Mumbai
Date: May 10, 2017

Annexure - A to the Independent Auditors' Report

**The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017**

1. a. The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

   b. As per the information and explanations given to us, fixed assets have been physically verified by the Management at reasonable intervals, and no discrepancy was noticed.

   c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not own any immovable properties..

2. As the Company does not have any inventory, clause 3(ii) of the order is not applicable to the Company.

3. In our opinion and according to the information and explanation given to us, the Company has not granted any loan, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013.

4. In our opinion and according to the information and explanations given to us, the Company has not given/make any loan, investment, guarantee and security and accordingly provisions of section 185 and 186 of the Act are not applicable.

5. According to the information and explanations given to us the company has not accepted deposits.

6. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

7. a. According to the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with the appropriate authorities during the year.

   There were no undisputed amounts payable on account of the above dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

   b. According to the information and explanation given to us, there is no due on account of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited on account of dispute.

| Name of the statue | Nature of the dues | Amount (Rs.) | Period to which the amount relates | Forum where Dispute is pending |
|---|---|---|---|---|

Luthra & Luthra New Delhi Chartered Accountants

| | | | | |
|---|---|---|---|---|
| Income tax | Income tax | Rs. 16,97,720 | FY 2010-11 | ITAT |
| Income tax | Income tax | Rs. 28,01,010 | FY 2011-12 | CIT(A) |

8. As per the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowing to banks and financial institutions during the year.

9. The Company has raised money by way of issue of debentures. Proceeds of debenture have been utilitised for the purpose for which it was obtained, however Rs. 15.31 crores are pending unutilized as at the date of financial statement.

10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.

12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable Indian accounting standards.

14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Luthra & Luthra
Chartered Accountants
Reg. No. 002081N

Luthra & Luthra New Delhi Chartered Accountants

Akhilesh Gupta
Partner
M.No: 089909

Place: Mumbai
Date: May 10, 2017

**Annexure - B to the Auditors' Report**

**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 Hazaribagh Ranchi Expressway Limited ("the Company") as of 31$^{st}$ March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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 ('ICAI'). 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 judgment, 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 our audit opinion on the Company's internal financial controls system over financial reporting.

Luthra & Luthra
New Delhi
Chartered Accountants

**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 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 Luthra & Luthra
Chartered Accountants
Reg. No. 002081N

Luthra & Luthra
New Delhi
Chartered Accountants

Akhilesh Gupta
Partner
M.No: 089909

Place: Mumbai
Date: May 10, 2017

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**
**Balance sheet as on March 31, 2017**
**CIN: U45203MH2009PLC191070**

₹ In Million

| Particulars | Notes | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| **Non-current Assets** | | | | | | | |
| (a) Property, plant and equipment | 6 | | 0.03 | | 0.04 | | 0.06 |
| (b) Intangible assets | 7 | | | | | | |
| (i) others | | 0.00 | | 0.00 | | 0.00 | |
| (ii) Intangible assets under development | | - | 0.00 | - | 0.00 | - | 0.00 |
| (c) Financial assets | | | | | | | |
| Other financial assets | 9A | | 8,396.53 | | 8,744.84 | | 9,348.15 |
| **Total Non-current Assets** | | | 8,396.57 | | 8,744.89 | | 9,348.21 |
| **Current Assets** | | | | | | | |
| (a) Financial assets | | | | | | | |
| (i) Trade receivables | 8 | - | | - | | 3.23 | |
| (ii) Cash and cash equivalents | 10 | 756.73 | | 305.80 | | 177.93 | |
| (iii) Bank balances other than (ii) above | 10 | 567.91 | | 0.05 | | 0.75 | |
| (iv) Other financial assets | 9B | 587.74 | 1,912.37 | 603.30 | 909.16 | 552.03 | 733.94 |
| (b) Current tax assets (Net) | 19 | | 55.05 | | 39.60 | | 36.19 |
| (c) Other current assets | 11 | | 9.52 | | 10.73 | | 9.67 |
| | | | 1,976.94 | | 959.48 | | 779.79 |
| **Total Current Assets** | | | 1,976.94 | | 959.48 | | 779.79 |
| **Total Assets** | | | 10,373.50 | | 9,704.37 | | 10,128.00 |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| (a) Equity share capital | 13 | 1,310.00 | | 1,310.00 | | 1,310.00 | |
| (b) Other Equity | | (396.62) | | (1,278.97) | | (744.69) | |
| Equity attributable to owners of the Company | | | 913.38 | | 31.03 | | 565.3 |
| **Total Equity** | | | 913.38 | | 31.03 | | 565.3 |
| **LIABILITIES** | | | | | | | |
| **Non-current Liabilities** | | | | | | | |
| (a) Financial Liabilities | | | | | | | |
| Borrowings | 14 | 7,390.36 | 7,390.36 | 5,707.58 | 5,707.58 | 6,664.78 | 6,664.78 |
| **Total Non-current Liabilities** | | | 7,390.36 | | 5,707.58 | | 6,664.78 |
| **Current liabilities** | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) Borrowings | 17 | 1,307.33 | | 3,483.28 | | 2,203.80 | |
| (ii) Trade payables | 18 | 233.56 | | 51.41 | | 42.31 | |
| (iii) Other financial liabilities | 15 | 525.58 | 2,066.48 | 430.51 | 3,965.19 | 650.49 | 2,896.5 |
| (b) Other current liabilities | 16 | | 3.28 | | 0.56 | | 1.3 |
| | | | 2,069.76 | | 3,965.76 | | 2,897.9 |
| **Total Current Liabilities** | | | 2,069.76 | | 3,965.76 | | 2,897.9 |
| **Total Liabilities** | | | 9,460.12 | | 9,673.34 | | 9,562.6 |
| **Total Equity and Liabilities** | | | 10,373.50 | | 9,704.37 | | 10,128.0 |

Note 1 to 35 forms part of the financial statements.
In terms of our report attached.
**For Luthra & Luthra**
Chartered Accountants
Firm Registration No.002081N

Luthra & Luthra New Delhi Chartered Accountants

Akhilesh Gupta
Partner
Mem. No. : 89909

Place: Mumbai
Date: May 10, 2017

For and on behalf of the Board

Vijay Kini
Director
Din:06612768

Prashant Agarwal
Director
Din:02348083

Chandrakant Jagasia
Chief Financial Officer

Dilip Darji
Company Secretary

Place: Mumbai
Date: May 10, 2017

# HAZARIBAGH RANCHI EXPRESSWAY LIMITED
## Statement of profit and loss for the year ended March 31, 2017
## CIN: U45203MH2009PLC191070

₹ in Million

| Particulars | Notes | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|---|
| Revenue from Operations | 20 | 917.56 | 729.57 |
| Other income | 21 | 10.24 | 2.09 |
| **Total Income** | | **927.79** | **731.66** |
| **Expenses** | | | |
| Operating expenses | 22 | 250.48 | 147.15 |
| Finance costs | 23 | 1,067.92 | 1,104.19 |
| Depreciation and amortisation expense | | 0.01 | 0.01 |
| Other expenses | 24 | 12.43 | 14.58 |
| **Total expenses** | | **1,330.84** | **1,265.93** |
| **Profit before tax** | | **(403.05)** | **(534.28)** |
| Less: Tax expense | 25 | - | - |
| **Profit for the year** | | **(403.05)** | **(534.28)** |
| Other Comprehensive Income | | - | - |
| **Total comprehensive income for the year** | | **(403.05)** | **(534.28)** |
| Earnings per equity share (for continuing operation): | | | |
| (1) Basic (in Rs.) | 26 | (3.08) | (4.08) |
| (2) Diluted (in Rs.) | | (3.08) | (4.08) |

Note 1 to 35 forms part of the financial statements.
In terms of our report attached.
**For Luthra & Luthra**
Chartered Accountants
Firm Registration No.002081N

Akhilesh Gupta
**Partner**
Mem. No. : 89909

Place: Mumbai
Date: May 10, 2017

For and on behalf of the Board

Vijay Kini
**Director**
Din:06612768

Prashant Agarwal
**Director**
Din:02348083

Chandrakant Jagasia
**Chief Financial Officer**

Dilip Darji
**Company Secret**

Place: Mumbai
Date: May 10, 2017

# HAZARIBAGH RANCHI EXPRESSWAY LIMITED
## Statement of cash flows for the year ended March 31, 2017
## CIN: U45203MH2009PLC191070

₹ in Million

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the year | (403.05) | (534.28) |
| Adjustments for: | | |
| Finance costs recognised in profit or loss | 1,067.92 | 1,104.19 |
| Interest Income on Fixed Deposits | (10.24) | (2.09) |
| Depreciation and amortisation of non-current assets (continuing operations) | 0.01 | 0.01 |
| | **654.64** | **567.84** |
| Movements in working capital: | | |
| Decrease in trade and other receivables | - | 3.23 |
| (Increase)/Decrease in other assets | 1.21 | (1.06) |
| Increase/ (Decrease) in trade and other payables | (9.00) | 8.35 |
| | (7.79) | 10.52 |
| Cash generated from operations | **646.85** | **578.36** |
| Income taxes paid | (15.45) | (3.41) |
| **Net cash generated by operating activities** | **631.41** | **574.95** |
| **Cash flows from investing activities** | | |
| Interest received | 6.28 | 2.78 |
| Fixed deposits matured / (placed) as security against borrowings | (563.90) | |
| Receivable under Service Concession Arrangements | 557.74 | 552.03 |
| **Net cash (used in)/generated by investing activities** | **0.12** | **554.81** |
| **Cash flows from financing activities** | | |
| Proceeds from Long term borrowings | 7,150.00 | - |
| Repayment of Long term Borrowings | (5,680.65) | (1,166.42) |
| Movement of short term borrowings | (663.77) | 1,279.48 |
| Interest paid | (986.18) | (1,114.94) |
| **Net used in generated in financing activities** | **(180.61)** | **(1,001.89)** |
| **Net decrease in cash and cash equivalents** | **450.93** | **127.87** |
| Cash and cash equivalents at the beginning of the year | 305.80 | 177.93 |
| **Cash and cash equivalents at the end of the year** | **756.72** | **305.80** |

Note 1 to 35 forms part of the financial statements.

In terms of our report attached.
**For Luthra & Luthra**
Chartered Accountants
Firm Registration No.002081N

Luthra & Luthra New Delhi Chartered Accountants

Akhilesh Gupta
**Partner**
Mem. No. : 89909

Place: Mumbai
Date: May 10, 2017

For and on behalf of the Board

Vijay Kini
**Director**
Din:06612768

Prashant Agarwal
**Director**
Din:02348083

Chandrakant Jagasia
**Chief Financial Officer**

Dilip Darji
**Company Secretary**

Place: Mumbai
Date: May 10, 2017

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**
**Statement of changes in equity for the year ended March 31, 2017**

A

| Equity share capital | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| **Balance as at beginning of the year** | 1,310.00 | 1,310.00 |
| Changes in equity share capital during the year | - | - |
| **Balance as at end of the year** | 1,310.00 | 1,310.00 |

B

| Other equity | Reserves & Surplus (Retained earning) | As at March 31, 2017 | Reserves & Surplus (Retained earning) | As at March 31, 2016 |
|---|---|---|---|---|
| **Balance as at beginning of the year** | (1,278.97) | (1,278.97) | (744.69) | (744.69) |
| Transfer to Deemed Equity during the year | 1,285.40 | 1,285.40 | - | - |
| Loss for the year | (403.05) | (403.05) | (534.28) | (534.28) |
| **Balance as at end of the year** | **(396.62)** | **(396.62)** | **(1,278.97)** | **(1,278.97)** |

For Luthra & Luthra
Chartered Accountants
Firm Registration No.002081N

Akhilesh Gupta
**Partner**
Mem. No. : 89909

Place: Mumbai
Date: May 10, 2017

For and on behalf of the Board

Vijay Kini
**Director**
Din:06612768

Prashant Agarwal
Director
Din:02348083

Chandrakant Jagasia
**Chief Financial Officer**

Dilip Darji
**Company Secretary**

Place: Mumbai
Date: May 10, 2017

Hazaribagh Ranchi Expressway Limited

**Notes forming part of the Financial Statements for the year ended March 31, 2017**

**Note No-1**

## 1. Background

The Company was incorporated under the Companies Act 1956 on March 19, 2009. It was issued "Certificate of Commencement of Business" on May 19, 2009. The Company was originally formed as "ITNL Highways Development Company Ltd" and its name was changed to 'Hazaribagh Ranchi Expressway Limited' with effect from May 11, 2009.

The Company is a special purpose vehicle (SPV) promoted by IL&FS Transportation Networks Limited (ITNL). The Company has entered into a Concession Agreement with National Highways Authority of India (NHAI) on October 08, 2009 to Design, Engineer, Finance, Procure, Construct, Operate and Maintain 4 laning Hazaribagh-Ranchi section of NH-33 from km 40.500 to km 114.000 in the State of Jharkhand on Build, Operate and Transfer (Annuity) basis. The Concession Agreement envisages concession for a period of 18 years commencing from the appointed date including construction period of 910 days required for 4 laning of the Project.

**Note No-2**

## 2. Significant accounting policies

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).These are Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 4 for the details of first-time adoption exemptions availed by the Company.

### 2.2 Basis of preparation and presentation

The financial statements have been prepared on a historical cost basis, except for the following asset and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these [consolidated] financial statements is determined on this basis.

Luthra & Luthra New Delhi Chartered Acco

The principal accounting policies are set out below.

## 2.3 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as contingent consideration.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.
This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Luthra & ... New D... Chartered Ac...

## Note No-3

### 3.1 Accounting for rights under service concession arrangements and revenue recognition

#### i. Recognition and measurement

The Company builds, operates and maintains infrastructure assets under public-to-private Service Concession Arrangements (SCAs), which is an arrangement between the "grantor" (a public sector entity/authority) and the "operator" (a private sector entity) to provide services that give the public access to major economic and social facilities utilizing private-sector funds and expertise. The infrastructures accounted for by the Company as concessions are mainly related to the activities concerning roads.

Concession contracts are public-private agreements for periods specified in the SCAs including the construction, upgradation, restoration of infrastructure and future services associated with the operation and maintenance of assets in the concession period. Revenue recognition, as well as, the main characteristics of these contracts are detailed in Note 2.9.iii.

With respect to service concession arrangements, revenue and costs are allocated between those relating to construction services and those relating to operation & maintenance services, and are accounted for separately. Consideration received or receivable is allocated by reference to the relative fair value of services delivered when the amounts are separately identifiable. The infrastructure used in a concession are classified as an intangible asset or a financial asset, depending on the nature of the payment entitlements established in the concession agreement.

When the amount of the arrangement consideration for the provision of public services is substantially fixed by a contract, the Company recognizes revenues from construction services for public facilities (infrastructures) by the percentage-of-completion method, and recognizes the consideration as a financial asset and the same is classified as "Receivables against Service Concession Arrangements". The Company accounts for such financial assets at amortized cost, calculates interest income based on the effective interest method and recognizes it in revenue as Finance Income.

#### ii. Contractual obligation to restore the infrastructure to a specified level of serviceability

The Company has contractual obligations to maintain the infrastructure to a specified level of serviceability or restore the infrastructure to a specified condition during the concession period and/or at the time of hand over to the grantor of the SCA. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. In case of concession arrangements under financial asset model, such costs are recognized in the period in which such costs are actually incurred.

#### iii. Revenue recognition

Once the infrastructure is in operation, the treatment of income is as follows:

Finance income for concession arrangements under financial asset model is recognized using the effective interest method. Revenues from operations and maintenance services and overlay services are recognized in each period as and when services are rendered in accordance with Ind AS 18 Revenue.

#### iv. Revenue from construction contracts

The Company recognizes and measures revenue, costs and margin for providing construction services during the period of construction of the infrastructure in accordance with Ind AS 11

Luthra & Luthra New Delhi Chartered Accountants

'Construction Contracts'.

When the outcome of a construction contract can be estimated reliably and it is probable that it will be profitable, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs.

For the purposes of recognizing revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognized in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred of which recovery is probable and the related contract costs are recognized as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

v. **<u>Borrowing cost related to SCAs</u>**

In case of concession arrangement under financial asset model, borrowing costs attributable to construction of the infrastructure are charged to Statement of Profit and Loss in the period in which such costs are incurred.

In case of concession arrangement under intangible asset model, borrowing costs attributable to the construction of infrastructure assets are capitalised up to the date of the final completion certificate of the asset / facility received from the authority for its intended use specified in the Concession Agreement. All borrowing costs 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.

## 3.2 Borrowing costs

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to the financing of construction of development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which tare incurred.

Luthra & Luthra New Delhi Chartered Accountants

**3.3 Taxation**

**Current tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The provision for tax is taken for each consolidating entity on the basis of the standalone financial statements prepared under Ind AS by that entity and aggregated for the purpose of the consolidated financial statements.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets (including unused tax credits such as MAT credit and unused tax losses such as carried forward business loss and unabsorbed depreciation) are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow

Luthra & Luthra Chartered Accountants New Delhi from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of to recover or settle the carrying amount of its assets and liabilities.

### 3.4 Property, plant and equipment

Property, plant and equipment acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition cost includes the purchase price (excluding refundable taxes) and expenses, such as delivery and handling costs, installation, legal services and consultancy services, directly attributable to bringing the asset to the site and in working condition for its intended use.

Where the construction or development of any asset requiring a substantial period of time to set up for its intended use is funded by borrowings, the corresponding borrowing costs are capitalized up to the date when the asset is ready for its intended use.

All assets are depreciated on a Straight Line Method (SLM) of Depreciation, over the useful life of assets as prescribed under Schedule II of the Companies Act, 2013.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying of the asset and is recognised in profit or loss.

### 3.5 Financial Instruments

Financial assets and financial liabilities are recognized when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL) are recognized immediately in the statement of profit and loss.

### 3.6 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

#### 3.6.1 Classification of financial assets – debt instruments

Debt instruments that meet the following conditions are subsequently measured at amortised cost

Luthra & Luthra New Delhi Chartered Accountants

(except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

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 profit or loss. The losses arising from impairment are recognised in the profit or loss.

**3.6.2 Amortised cost and Effective Interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

**3.6.3 Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

**3.6.3.1 Derecognition of financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If [the Company] the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been

Luthra & Luthra
New Delhi
Chartered Accountants

recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset), [the Company] the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**3.6.4 Modification of Cash Flows of financial assets and revision in estimates of Cash flows**

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with Ind AS 109, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred are adjusted to the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If the Company revises its estimates of payments or receipts (excluding modifications and changes in estimates of expected credit losses), it adjusts the gross carrying amount of the financial asset or amortized cost of a financial liability to reflect actual and revised estimated contractual cash flows. The Company recalculates the gross carrying amount of the financial asset or amortized cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate. The adjustment is recognized in profit or loss as income or expense.

**3.7 Financial liabilities and equity instruments-**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate

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

**3.7.1 Classification as debt or equity**

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

**3.7.2 Financial liabilities**

All financial liabilities are subsequently measured at amortized cost using the effective interest method

**3.7.3 Financial liabilities subsequently measured at amortised cost**

Luthra & Luthra Chartered Accountants New Delhi

Financial liabilities are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**3.7.4 Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

***3.8 Cash and cash equivalents***

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**3.9 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

Luthra & Luthra New Delhi Chartered Acc

## Note No-4

### 4.1 First-time adoption optional exemptions

#### 4.1.1 Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below

#### 4.1.2 Derecognition of financial assets and financial liabilities

the Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

#### 4.1.3 Accounting for changes in parent's ownership in a subsidiary that does not result in a loss of control

The Company has accounted for changes in a parent's ownership in a subsidiary that does not result in a loss of control in accordance with Ind AS 110, prospectively from the date of transition.

#### 4.1.4 Classification of debt instruments

the Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVOCI criteria based on the facts and circumstances that existed as of the transition date.

#### 4.1.5 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

#### 4.1.6 Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2015.

Consequently,

- the Company has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- the Company has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree; the Company has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;
- the Company has tested the goodwill for impairment at the transition date based on the conditions as of the transition date;

Luthra & Luthra New Delhi Chartered Accountants

- the effects of the above adjustments have been given to the measurement of non-controlling interests and deferred tax.

The Company has not applied Ind AS 21 - The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before the transition date.

The above exemptions in respect of business combinations have also been applied to past acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in Ind AS 103.

**4.2. Critical accounting judgements and key sources of estimation uncertainty**

The preparation of Financial Statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the Financial Statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of Financial Statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of receivable under SCA, valuation of deferred tax assets, provisions and contingent liabilities.

Luthra & Luthra
New Delhi
Chartered Accountants

HAZARIBAGH RANCHI EXPRESSWAY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2017

5. Ind AS 101 reconciliations
Effect of Ind AS adoption on the balance sheet as at March 31, 2016

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | | | As at April 1, 2015 (Date of transition) | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| Non-current assets | | | | | | | |
| (a) Property, plant and equipment | a | 8,972.31 | (8,972.27) | 0.04 | 9,607.91 | (9,607.85) | 0.06 |
| (b) Intangible assets | | | | | | | |
| others | | 0.00 | | 0.00 | 0.00 | | 0.00 |
| (c) Financial assets | | | | | | | |
| (i) Trade receivables | | - | | - | - | | - |
| (ii) Other financial assets | a | 0.81 | 8,744.04 | 8,744.84 | 0.06 | 9,348.09 | 9,348.15 |
| Total non-current assets | | 8,973.12 | (228.23) | 8,744.89 | 9,607.97 | (259.76) | 9,348.21 |
| Current assets | | | | | | | |
| (a) Financial assets | | | | | | | |
| (i) Cash and cash equivalents | | 305.80 | | 305.80 | 177.93 | | 177.93 |
| (ii) Bank balances other than (iii) above | | 0.05 | | 0.05 | 0.75 | | 0.75 |
| (iii) Other financial assets | b | - | 603.30 | 603.30 | - | 552.03 | 552.03 |
| (b) Current tax assets (Net) | | 39.60 | | 39.60 | 36.19 | | 36.19 |
| (b) Other current assets | a | 13.95 | (3.22) | 10.73 | 30.20 | (20.53) | 9.67 |
| | | 359.41 | 600.08 | 959.48 | 245.07 | 531.49 | 776.56 |
| Total current assets | | 359.41 | 600.08 | 959.48 | 245.07 | 531.49 | 776.56 |
| Total Assets | | 9,332.52 | 371.85 | 9,704.37 | 9,853.04 | 271.73 | 10,124.77 |
| Equity | | | | | | | |
| (a) Equity share capital | | 1,310.00 | | 1,310.00 | 1,310.00 | | 1,310.00 |
| (b) Other Equity | a & b | (2,109.85) | 830.89 | (1,278.97) | (1,460.70) | 716.01 | (744.69) |
| Equity attributable to owners of the Company | | (799.85) | 830.89 | 31.03 | (150.70) | 716.01 | 565.31 |
| Total equity | | (799.85) | 830.89 | 31.03 | (150.70) | 716.01 | 565.31 |
| Non-current liabilities | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | b | 5,747.79 | (40.21) | 5,707.58 | 6,709.23 | (43.39) | 6,665.83 |
| Total non-current liabilities | | 5,747.79 | (40.21) | 5,707.58 | 6,709.23 | (43.39) | 6,665.83 |
| Current liabilities | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | b | 3,483.67 | (0.40) | 3,483.28 | 2,203.80 | - | 2,203.80 |
| (ii) Trade and other payables | | 51.41 | | 51.41 | 42.31 | | 42.31 |
| (iii) Other financial liabilities | b | 432.86 | (2.35) | 430.51 | 637.10 | 12.33 | 649.44 |
| Other current liabilities | b | 416.64 | (416.08) | 0.56 | 414.53 | (413.22) | 1.31 |
| | | 4,384.58 | (418.83) | 3,965.76 | 3,297.74 | (400.88) | 2,896.86 |
| Total current liabilities | | 4,384.58 | (418.83) | 3,965.76 | 3,297.74 | (400.88) | 2,896.86 |
| Total liabilities | | 10,132.38 | (459.04) | 9,673.34 | 10,006.96 | (444.28) | 9,562.69 |
| Total equity and liabilities | | 9,332.52 | 371.85 | 9,704.37 | 9,856.27 | 271.73 | 10,128.00 |

Reconciliation of total equity as at March 31, 2016

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | As at April 1, 2015 (End of last period presented under previous GAAP) |
|---|---|---|---|
| Total equity / shareholders' funds under previous GAAP | | (800) | (151) |
| Adjustments: | | | |
| Accounting for the service concession arrangement in accordance with the guidance given in Appendix A of Ind AS 11 | a | 791 | 705 |
| Impact Due to Effective Interest rate adjustment | b | 40 | 11 |
| Current Tax Liability | | - | - |
| Reclassification of Capital Reserve | | | |
| Total adjustment to equity | | 831 | 716 |
| Total equity under Ind AS | | 31 | 565 |

Luthra & Luthra
New Delhi
Chartered Acc

**Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016**

| | Notes | Year ended March 31, 2016 (Latest period presented under previous GAAP) | | |
|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | Ind AS |
| Revenue from Operations | a | 1,282 | (552) | 730 |
| Other Income | | 2 | | 2 |
| **Total Income** | | 1,284 | (552) | 732 |
| | | | | |
| **Expenses** | | | | |
| Operating expenses of SCA | a | 58 | 89 | 147 |
| Finance costs | b | 1,133 | (28) | 1,104 |
| Depreciation and amortisation expense | a | 725 | (725) | 0 |
| Other expenses | a | 17 | (3) | 15 |
| **Total expenses** | | 1,933 | (667) | 1,266 |
| | | | | |
| **Profit before tax** | | (649) | 115 | (534) |
| | | | | |
| Less: Tax expense | | | | |
| (1) Current tax | | - | | - |
| (2) Deferred tax | | - | | - |
| | | - | - | - |
| **Profit for the year** | | (649) | 115 | (534) |

**Reconciliation of total comprehensive income for the year ended March 31, 2016**

| Particulars | | Year ended March 31, 2016 (Latest period presented under previous GAAP) |
|---|---|---|
| Profit as per previous GAAP | | (649) |
| Adjustments: | | |
| Finance costs | b | 28 |
| Depreciation and amortisation expense | a | 725 |
| Operating expenses of SCA | a | (638) |
| | | |
| **Total adjustments** | | 115 |
| **Total comprehensive income under Ind AS** | | (534) |

**Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.**

**Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016**

| | Notes | Year ended March 31, 2016 (Latest period presented under previous GAAP) | | |
|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | Ind AS |
| Net cash flows from operating activities | | 1,225 | | 1,225 |
| Net cash flows from investing activities | | (78) | | (78) |
| Net cash flows from financing activities | | (1,019) | | (1,019) |
| **Net increase (decrease) in cash and cash equivalents** | | 128 | - | 128 |
| **Cash and cash equivalents at the beginning of the period** | | 178 | | 178 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | | | - |
| **Cash and cash equivalents at the end of the period** | | 306 | - | 306 |

**Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS**

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | As at April 1, 2015 (End of last period presented under previous GAAP) |
|---|---|---|---|
| **Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP** | | 306 | 178 |
| Bank overdrafts which form an integral part of cash management system | | | |
| | | | |
| **Cash and cash equivalents for the purpose of statement of cash flows under Ind AS** | | 306 | 178 |

a) Under the previous GAAP, the Company measured the tangible asset / capital work-in-progress in respect of the road project at cost less accumulated depreciation . The cost comprised the direct and attributable expenses for the construction of the road project. Further, the borrowing costs incurred in relation to the project is added to the project asset during the development phase of the project. Further, the annuity income accruing in accordance with the terms of the concession agreement is recognised as revenue in profit or loss. Under Ind AS, the Company has accounted for the service concession arrangement in accordance with Appendix A to Ind AS 11 Service Concession Arrangements. In accordance with the principles in this Appendix, the Company is treated as a service provider for the construction services. Consequently, the Company has recognised construction cost and construction revenue in accordance with the Ind AS 11 principles. The construction revenue is measured at fair value of the construction services rendered. Since the Company has the contractual right to receive cash from the grantor of the concession, it has recognised a financial asset in exchange for the construction services. The financial asset is subsequently measured at amortised cost in accordance with Ind AS 109. Interest income (finance income) calculated using the effective interest method is recognised in profit or loss on the financial asset. The annuities received from the grantor of the concession are reduced from the financial asset. The borrowing costs attributable to the arrangement are recognised as an expense in the period in which these are incurred in accordance with the effective interest rate method. The net effect of this is an increase in total equity as at March 31, 2016 of Rs.371.65, increase as at April 1, 2015 of Rs.271.73 and an increase in profit for the year ended March 31, 2016 of Rs.66.42.

b) Under the previous GAAP, the borrowings were measured at the transaction amount. Interest for the period based on the contractual terms was added to the cost of the tangible asset during the construction period. Thereafter, this was charged to profit or loss. The incidental expenses in relation to borrowings were charged to profit or loss on a straight-line basis over the period of the borrowings. Under Ind AS, borrowings have been measured at amortized cost which requires that the incidental expenses are recognised over the period of the borrowings using the effective interest rate method. The net effect of this is an increase in total equity as at March 31, 2016 of Rs.40.208 and as at April 1, 2015 of Rs.43.393 and an decrease in profit for the year ended March 31, 2016 of Rs.26.461.

Luthra & Luthra New Delhi Chartered Accountants

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2017

**6. Property, plant and equipment**

**Current Year**

| Particulars | Cost or Deemed cost | | | Accumulated depreciation and impairment | | | Carrying Amount | |
|---|---|---|---|---|---|---|---|---|
| | Balance as at April 1, 2016 | Additions | Balance as at March 31, 2017 | Balance as at April 1, 2016 | Depreciation expense | Balance as at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| **Property plant and equipment** | | | | | | | | |
| Data processing equipments | 0.29 | | 0.29 | 0.29 | **0.00** | 0.29 | 0.00 | 0.00 |
| Office equipments | 0.06 | | 0.06 | 0.06 | - | 0.06 | 0.00 | 0.00 |
| Furniture and fixtures | 0.09 | | 0.09 | 0.05 | **0.01** | 0.06 | 0.03 | 0.04 |
| | | | | | | | | |
| **Total** | **0.44** | - | **0.44** | **0.39** | **0.01** | **0.41** | **0.03** | **0.04** |

**Previous Year**

| Particulars | Cost or Deemed cost | | | Accumulated depreciation and impairment | | | Carrying Amount | |
|---|---|---|---|---|---|---|---|---|
| | Balance as at April 1, 2015 | Additions | Balance as at March 31, 2016 | Balance as at April 1, 2015 | Depreciation expense | Balance as at March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 |
| **Property plant and equipment** | | | | | | | | |
| Data processing equipments | 0.29 | | 0.29 | 0.29 | 0.00 | 0.29 | -0.00 | 0.00 |
| Office equipments | 0.06 | | 0.06 | 0.06 | 0.00 | 0.06 | 0.00 | 0.00 |
| Furniture and fixtures | 0.09 | | 0.09 | 0.03 | 0.01 | 0.05 | 0.04 | 0.05 |
| | | | | | | | | |
| **Total** | **0.44** | - | **0.44** | **0.38** | **0.01** | **0.39** | **0.04** | **0.06** |

Luthra & Luthra * Chartered Accountants * New Delhi

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2017

## 7. Other intangible assets

### Current Year

| Particulars | Cost or deemed cost | | | Accumulated depreciation and impairment | | | Carrying Amount | |
|---|---|---|---|---|---|---|---|---|
| | Balance as at April 1, 2016 | Additions from separate acquisitions | Balance as at March 31, 2017 | Balance as at April 1, 2016 | Amortisation expense | Balance as at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| Software / Licences acquired | 0.06 | | 0.06 | 0.06 | | 0.06 | 0.00 | 0.00 |
| | | | | | | | | |
| **Total** | **0.06** | **-** | **0.06** | **0.06** | **-** | **0.06** | **0.00** | **0.00** |

### Previous Year

| Particulars | Cost or deemed cost | | | Accumulated depreciation and impairment | | | Carrying Amount | |
|---|---|---|---|---|---|---|---|---|
| | Balance as at April 1, 2015 | Additions from separate acquisitions | Balance as at March 31, 2016 | Balance as at April 1, 2015 | Amortisation expense | Balance as at March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 |
| Software / Licences acquired | 0.06 | | 0.06 | 0.06 | 0.00 | 0.06 | 0.00 | 0.00 |
| | | | | | | | | |
| **Total** | **0.06** | **-** | **0.06** | **0.06** | **0.00** | **0.06** | **0.00** | **0.00** |

Luthra & Luthra * New Delhi * Chartered Accountants

## 8. Trade receivables

### Trade receivables- Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| Trade receivables outstanding for a period less than six months from the date they were due for payment | | | |
| Unsecured, considered good | | | 3.23 |
| Total | - | - | 3.23 |

## 9. Other financial assets

### A. Other financial assets - Non current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| | | | |
| Receivable under service concession arrangements | 8,395.73 | 8,744.04 | 9,347.34 |
| | | | |
| Security Deposits | 0.81 | 0.81 | 0.81 |
| | | | |
| Total | 8,396.53 | 8,744.84 | 9,348.15 |

### B. Other financial assets - Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| | | | |
| Receivable under service concession arrangements | 587.74 | 603.30 | 552.03 |
| | | | |
| Total | 587.74 | 603.30 | 552.03 |

## 10. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| Balances with Banks | 16.73 | 85.80 | 37.59 |
| Cash on hand | 0.00 | 0.00 | 0.00 |
| Fixed Deposits placed for less than three months | 740.00 | 220.00 | 140.34 |
| | | | |
| Cash and cash equivalents | 756.73 | 305.80 | 177.93 |
| | | | |
| Balances held as margin money or as security against borrowings | 563.90 | - | - |
| Interest accrued but not due on Fixed Deposits | 4.01 | 0.05 | 0.75 |
| Other bank balances | 567.91 | 0.05 | 0.75 |

At 31 March 2017, the Group had available Rs.NIL (31 March 2016: Rs.NIL, 1 April 2015: Rs.NIL) of undrawn committed borrowing facilities.

## 11. Other assets - Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| Others | | | |
| Work Contract tax Receivables | 7.49 | 7.49 | 7.49 |
| Labour Cess Receivables | 0.19 | 0.19 | 0.19 |
| Capital Advances | 0.02 | - | 0.02 |
| Prepaid Expenses | - | 3.04 | 1.96 |
| Receivable from NHAI towards Utility Shifitng | 1.81 | - | - |
| | | | |
| Total | 9.52 | 10.73 | 9.67 |

## 12. Disclosure in respect of Construction Contracts

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| Contract revenue recognised as revenue during the year | 221.59 | 94.29 | 602.89 |
| | | | |
| | | | |
| Contracts in progress at the end of the reporting year | | | |
| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
| Cumulative revenue recognised | 11,105.98 | 10,884.39 | 10,790.10 |

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

**Notes forming part of the Financial Statements for the year ended March 31, 2017**

**13. Equity Share Capital**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| Equity share capital | 1,310.00 | 1,310.00 | 1,310.00 |
| Total | 1,310.00 | 1,310.00 | 1,310.00 |

| | | | |
|---|---|---|---|
| **Authorised Share capital :** | | | |
| 132,000,000 equity shares of Rs.10/- each | 1,320.00 | 1,320.00 | 1,320.00 |
| **Issued and subscribed capital comprises:** | | | |
| 131,000,000 fully paid equity shares of Rs.10/- each (as at March 31, 2016: 131,000,000 equity shares) | 1,310.00 | 1,310.00 | 1,310.00 |
| | 1,310.00 | 1,310.00 | 1,310.00 |

**13.1 Movement during the year**

| | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|
| Particulars | Number of shares | Share capital (Amount) | Number of shares | Share capital (Amount) |
| Balance at the start of the year | 131,000,000 | 1,310.00 | 131,000,000 | 1,310.00 |
| Movements [describe] | - | - | - | - |
| Balance at the end of the year | 131,000,000 | 1,310.00 | 131,000,000 | 1,310.00 |
| | | | | |

**13.2 Details of shares held by the holding company, the ultimate controlling party, their subsidiaries and associates**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| IL&FS Transportation Networks Limited, the holding company | 130,986,900 | 130,986,900 | 130,986,900 |
| Punj Llyod Limited | 13,100 | 13,100 | 13,100 |
| Total | 131,000,000 | 131,000,000 | 131,000,000 |

**13.3 Details of shares held by each shareholder holding more than 5% shares**

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|
| | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares |
| Fully paid equity shares | | | | |
| IL&FS Transportation Networks Limited, the holding Company | 130,986,900 | 99.99% | 130,986,900 | 99.99% |
| Punj Llyod Limited | 13,100 | 0.01% | 13,100 | 0.01% |
| Total | 131,000,000 | 100.00% | 131,000,000 | 100.00% |

Fully paid equity shares, which have a par value of Rs.10, carry one vote per share and carry a right to dividends.

**13.4 Terms / Rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. Each holder of these ordinary shares are entitiled to receive dividends as and when declared by the company. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining essets of the Company, after distribution of all preferential amounts. The distribution will be in proportionate to the number of equity shares held by the shareholders.

**Other Equity**

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| Deemed Equity | | |
| Balance at beginning of the year | - | - |
| Transfer during the year | 1,285.40 | |
| **Balance at end of the year** | **1,285.40** | - |
| Retained Earnings | | |
| Balance at beginning of the year | (1,278.97) | (744.69) |
| Loss for the year | (403.05) | (534.28) |
| **Balance at end of the Year** | **(1,682.02)** | **(1,278.97)** |

Luthra & Luthra New Delhi Chartered Accountants

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2017

14. Long-term Borrowings

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| **Secured – at amortised cost** | | | |
| (i) Non Convertible Debentures | | | |
| a) 8.50% Redeemable NCD - Series A | 4,883.25 | - | - |
| b) 8.75% Redeemable NCD - Series B | 1,780.34 | - | - |
| c) Debentures | - | 1,442.27 | 1,570.58 |
| (ii)Term loans | | | |
| - from banks | - | 1,673.79 | 1,806.28 |
| Less : Unamortised Borrowing Cost | - | (13.07) | (16.36) |
| - from Financial Institute | - | 2,108.80 | 2,282.71 |
| Less : Unamortised Borrowing Cost | - | (4.21) | (5.09) |
| (iii) Loans from related parties | 183.53 | 500.00 | 500.00 |
| **Unsecured – at amortised cost** | | | |
| (i) Term loans | | | |
| - from banks | - | - | 457.14 |
| Less : Unamortised Borrwoing Cost | - | - | (1.22) |
| - from Financial Institute | - | - | 71.43 |
| Less : Unamortised Borrwoing Cost | - | - | (0.67) |
| (ii) Loans from related parties | 543.25 | - | - |
| **Total Long-term borrowings** | **7,390.36** | **5,707.58** | **6,664.78** |

**14.1 Summary of borrowing arrangements**

(i) Amounts repayable to related parties of the Company. Interest of 0% per annum is charged on the outstanding loan balances (as at March 31, 2016: 12% per annum; as at April 1, 2015: 12% per annum).

Footnote

| 1. Security details | As at March 31, 2017 | | As at March 31, 2016 | | As at March 31, 2015 | |
|---|---|---|---|---|---|---|
| Secured against: | Long-term Non-current | Short-term | Long-term Non-current | Short-term | Long-term Non-current | Short-term |
| Non Convertible Debentures (Refer Foot Note: ii) | - | - | 1,442 27 | 128.30 | 1,570.58 | 125.57 |
| Non Convertible Debentures (Refer Foot Note: i) | 6,663.59 | 485 26 | | | | |
| Term Loan (Refer Foot Note: iii) | - | - | 3,765.31 | 302 21 | 4,594.21 | 524.91 |
| Loans from related parties | 726.77 | - | 500.00 | - | 500.00 | - |
| Total | 7,390.36 | 485.26 | 5,707.58 | 430.51 | 6,664.78 | 650.49 |

**Foot Note: I**

The Company has issued and alloted 8.50% redeemable, listed, rated, secured non-convertible debentures of a nominal value of INR 1,00,000 each on a private placement basis, aggregating to INR 538.00 crores in accordance with the Terms and Conditions ("Senior Financing") and 8.75% redeemable, listed, rated, secured non-convertible debentures of a nominal value of INR 1,00,000 each on a private placement basis, aggregating to INR 177.00 crores in accordance with the Terms and Conditions ("Junior Financing"). The Debentures have the benefit of Security over the Secured Assets. The Debentures comprising the Senior Debentures are issued as Series A Debentures, comprising 10 sub-series of Debentures numbered Series A1 – Series A10. The Debentures comprising the Junior Financing are issued as Series B Debentues, comprising 10 sub-series of Debentures numbered Series B1 – Series B10.

(i) a first ranking pari passu charge over all the Company's tangible moveable properties and assets, both present and future, except the Project Assets;

(ii) a first ranking pari passu charge over all bank accounts of the Issuer including without limitation, the Escrow Account (or any account in substitution thereof) and the Debt Service Reserve Account except the Distribution Account, in all funds from time to time deposited therein and in all Permitted Investments or other securities representing all amounts credited to the Escrow Account and the Debt Service Reserve Account and any other bank accounts of the Company established pursuant to the Transaction Documents, including all revenues and receivables (including Fee) of the Issuer from the Project or otherwise, provided that:

(a) the same shall be applied in accordance with the waterfall of priority of payment as specified in Clause 31 of the Concession Agreement and Clause 4 of the Escrow Agreement, and shall, in no case, exceed beyond the limits set out therein;

(b) the charge over the receivables shall be enforceable by the Debenture Holders or on their behalf, only for the purpose of ensuring that the receivables are credited to the Escrow Account that shall be applied in accordance with the waterfall of priority of payment specified in Clause 31 of the Concession Agreement and Clause 4 of the Escrow Agreement;

(iii) a first ranking pari passu charge/ assignment on all the Intangible assets of the Issuer including but not limited to goodwill, rights, undertakings and uncalled capital both present and future, except the Project Assets (as such term is defined in the Concession Agreement), provided that the charge on uncalled capital shall be subject to Clause 5.3, Clause 7.1(k) and Clause 31 of Concession Agreement;

(iv) assignment by way of Security in:

(a) all the right, title, interest, benefits, claims and demands whatsoever of the Issuer in the Project Agreements;

(b) the right, title and interest of the Issuer in, to and under all the Authorisations;

(c) all the right, title, interest, benefits, claims and demands whatsoever of the Issuer in any guarantees, letters of credit, including but not limited to contractor guarantees, liquidated damages and performance bonds that may be provided by any party to the Project Agreements in favour of the Issuer; and

(d) all the right, title, interest, benefits, claims and demands whatsoever of the Issuer under all Insurance Contracts and Insurance Proceeds;

**Foot Note: ii**

Non Convertible Debentures

The Company had issued 1,70,000 Secured Non- Convertible Debentures at the face value of Rs. 10,000/- each to "India Infradebt Limited" carrying interest at 9.75%. The Debentures are secured by hypothecation of.

(a) All movable, tangible and intangible assets, receivables, cash and investments created as part of the project other than the Project Assets.

(b) Monies lying in Escrow Account into which all the investments in the Project and all Project revenues and insurance proceeds are to be deposited.

(c) Assignment of all rights, title, benefits, claims and demands of the Issuer/Company under Project Agreements i.e. Concession agreement, Substitution agreement, Construction contract and operations contract, etc.

(d) Assignment of all rights under project guarantees obtained pursuant to development contract or operations contract, if any relating to the project.

(e) First ranking assignment of all contract, documents, insurance, clearances and interests of the Issuer/Company

The Debentures are redeemed during the year

**Foot Note: iii**

Term loans from banks and financial institutions are secured by hypothecation of:

(a) All movable, tangible and intangible assets, receivables, cash and investments created as part of the projects.

(b) All the monies lying in Escrow Account into which all the investments in the Project and all Project revenues and insurance proceeds are to be deposited.

(c) Assignment of all rights, title, benefits, claims and demands of the Borrowers under Project Agreements i.e. Concession agreement, Substitution agreement, Construction contract and operations contract, etc.

(d) Assignment of all rights under project guarantees obtained pursuant to development contract or operations contract, if any relating to the project.

(e) First ranking assignment of all contract, documents insurance contracts/insurance Proceeds (Security Trustee to be named as loss payee), clearances and interests of the Borrower.

(f) Debt Service Reserve Account and any other accounts required to be created by the Borrower under any Project agreement contract.

**Foot Note: iv**

Term loan from holding company is secured by second pari passu charge over all assets other than the project assets

Luthra & Luthra
New Delhi
Chartered Accountants

**2. The details of Unsecured Redeemable Non-Convertible Debentures (NCDs) :**

| Series of NCDs | Face value per NCD (₹) | Rate of interest % p.a. | Terms of repayment | Date of redemption | No. of NCDs issued | No. of NCDs outstanding | No. of NCDs outstanding | No. of NCDs outstanding |
|---|---|---|---|---|---|---|---|---|
| | | | | | | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 |
| India Infra Debt | 10,000 | 9.75 | Semi Annually | 30th Sep 30th Mar | 170,000 | - | 159,166 | 170,000 |
| Series AI | 100,000 | 8.50 | Bullet Repayment | October 13, 2017 | 4,000 | 4,000 | | |
| Series BI | 100,000 | 8.75 | Bullet Repayment | October 13, 2017 | 2,400 | 2,400 | | |
| Series AIII | 100,000 | 8.50 | Bullet Repayment | October 12, 2018 | 2,000 | 2,000 | | |
| Series BIII | 100,000 | 8.75 | Bullet Repayment | April 13, 2018 | 450 | 450 | | |
| Series AII | 100,000 | 8.50 | Bullet Repayment | April 13, 2018 | 2,000 | 2,000 | | |
| Series BIIII | 100,000 | 8.75 | Bullet Repayment | October 12, 2018 | 550 | 550 | | |
| Series AIV | 100,000 | 8.50 | Bullet Repayment | April 12, 2019 | 2,000 | 2,000 | | |
| Series BIV | 100,000 | 8.75 | Bullet Repayment | April 12, 2019 | 700 | 700 | | |
| Series AV | 100,000 | 8.50 | Bullet Repayment | October 14, 2019 | 2,000 | 2,000 | | |
| Series BV | 100,000 | 8.75 | Bullet Repayment | October 14, 2019 | 800 | 800 | | |
| Series AVI | 100,000 | 8.50 | Bullet Repayment | April 14, 2020 | 2,000 | 2,000 | | |
| Series BVI | 100,000 | 8.75 | Bullet Repayment | April 14, 2020 | 900 | 900 | | |
| Series AVII | 100,000 | 8.50 | Bullet Repayment | October 14, 2020 | 2,500 | 2,500 | | |
| Series BVII | 100,000 | 8.75 | Bullet Repayment | October 14, 2020 | 550 | 550 | | |
| Series AIX | 100,000 | 8.50 | Bullet Repayment | October 14, 2021 | 2,500 | 2,500 | | |
| Series BVIII | 100,000 | 8.75 | Bullet Repayment | April 14, 2021 | 550 | 550 | | |
| Series AVIII | 100,000 | 8.50 | Bullet Repayment | April 14, 2021 | 2,600 | 2,600 | | |
| Series BXI | 100,000 | 8.75 | Bullet Repayment | October 14, 2021 | 750 | 750 | | |
| Series AX | 100,000 | 8.50 | Bullet Repayment | April 14, 2022 | 2,400 | 2,400 | | |
| Series BX | 100,000 | 8.75 | Bullet Repayment | April 14, 2022 | 950 | 950 | | |
| Series AXI | 100,000 | 8.50 | Bullet Repayment | October 14, 2022 | 2,500 | 2,500 | | |
| Series BXI | 100,000 | 8.75 | Bullet Repayment | October 14, 2022 | 1,000 | 1,000 | | |
| Series AXII | 100,000 | 8.50 | Bullet Repayment | April 14, 2023 | 2,500 | 2,500 | | |
| Series BXIII | 100,000 | 8.75 | Bullet Repayment | October 13, 2023 | 800 | 800 | | |
| Series AXIII | 100,000 | 8.50 | Bullet Repayment | October 13, 2023 | 2,900 | 2,900 | | |
| Series BXII | 100,000 | 8.75 | Bullet Repayment | April 14, 2023 | 1,100 | 1,100 | | |
| Series AXIV | 100,000 | 8.50 | Bullet Repayment | April 12, 2024 | 2,600 | 2,600 | | |
| Series BXV | 100,000 | 8.75 | Bullet Repayment | October 14, 2024 | 700 | 700 | | |
| Series AXV | 100,000 | 8.50 | Bullet Repayment | October 14, 2024 | 3,000 | 3,000 | | |
| Series BXIV | 100,000 | 8.75 | Bullet Repayment | April 12, 2024 | 1,000 | 1,000 | | |
| Series AXVI | 100,000 | 8.50 | Bullet Repayment | April 14, 2025 | 3,000 | 3,000 | | |
| Series BXVI | 100,000 | 8.75 | Bullet Repayment | April 14, 2025 | 850 | 850 | | |
| Series AXVII | 100,000 | 8.50 | Bullet Repayment | October 14, 2025 | 3,000 | 3,000 | | |
| Series BXVII | 100,000 | 8.75 | Bullet Repayment | October 14, 2025 | 1,000 | 1,000 | | |
| Series AXIX | 100,000 | 8.50 | Bullet Repayment | October 14, 2026 | 3,500 | 3,500 | | |
| Series BXVIII | 100,000 | 8.75 | Bullet Repayment | April 14, 2026 | 1,050 | 1,050 | | |
| Series AXVIII | 100,000 | 8.50 | Bullet Repayment | April 14, 2026 | 3,100 | 3,100 | | |
| Series BXIX | 100,000 | 8.75 | Bullet Repayment | October 14, 2026 | 850 | 850 | | |
| Series AXX | 100,000 | 8.50 | Bullet Repayment | April 14, 2027 | 3,700 | 3,700 | | |
| Series BXX | 100,000 | 8.75 | Bullet Repayment | April 14, 2027 | 750 | 750 | | |
| | | | | | | | | |
| Total | | | | | 241,500 | 71,500 | 159,166 | 170,000 |

**3. Repayment Schedule**

Secured Non Convertible Debentures: In unequal half yearly installments commencing from October 2017 and terminating on April 2027.
Secured term loan in single bullet payment terminating on June 30, 2028:
Unsecured term loan in single bullet payment terminating on June 30, 2028:

| Financial Year | 8.50% Redeemable (Amt. in Rs.) | Amount of Secured Non Convertible Debentures - Repayment to Junior Financing (Amt. in Rs.) | Amount of Sub Debt Repayment (Amt. in Rs.) | Amount of Sub Debt Repayment (Amt. in Rs.) |
|---|---|---|---|---|
| 2017-18 | 400.00 | 240.00 | - | - |
| 2018-19 | 400.00 | 100.00 | - | - |
| 2019-20 | 400.00 | 150.00 | - | - |
| 2020-21 | 450.00 | 145.00 | - | - |
| 2021-22 | 510.00 | 130.00 | - | - |
| 2022-23 | 490.00 | 195.00 | - | - |
| 2023-24 | 540.00 | 190.00 | - | - |
| 2024-25 | 560.00 | 170.00 | - | - |
| 2025-26 | 600.00 | 185.00 | - | - |
| 2026-27 | 660.00 | 190.00 | - | - |
| 2027-28 | 370.00 | 75.00 | - | - |
| 2028-29 | | | 500.00 | 1,480.00 |
| | 5,380.00 | 1,770.00 | 500.00 | 1,480.00 |

Note: Pursuant to the Amendment Agreement dated October 13, 2016 entered between the Promoter IL&FS Transportation Networks Limited ("ITNL") and the Company, the subordinate debt Rs. 500 million given by ITNL to the Company and Short Term Loans to the extent of Rs.1,480 million will not carry Interest with effect from October 1, 2016 and provide the right to ITNL to convert the outstanding debt into equity.

Luthra & Luthra
New Delhi
Chartered Accountants

### 20. Revenue from operations

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| **Income From Road Projects** | | |
| (a) Construction income | 221.59 | 94.29 |
| (b) Income from Annuity Assets (embedded in Annuity) | | |
| - Operation and maintenance income | 34.65 | 61.54 |
| - Finance income | 649.55 | 573.75 |
| - Overlay Income | 11.77 | - |
| **Total** | **917.56** | **729.57** |

| | | |
|---|---|---|
| Note: Annuity earned during the year | 1,281.43 | 1,281.60 |

### 21. Other Income

Interest Income

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| Bank deposits (at amortised cost) | 10.24 | 2.09 |
| **Total (a)** | **10.24** | **2.09** |

### 22. Operating Expenses

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| Construction cost | 207.10 | 89.05 |
| Operation and maintenance expenses | 32.39 | 58.10 |
| Overlay expenses | 11.00 | |
| **Total** | 250.48 | 147.15 |

### 23. Finance costs

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| (a) Interest costs :- | | |
| Interest on loans for fixed period | | |
| Senior Lender | 168.91 | 223.55 |
| Financial Institute | 198.30 | 250.70 |
| Related Parties | 433.95 | 462.26 |
| Interest on debentures | 232.76 | 157.33 |
| (b) Other borrowing costs | | |
| Finance charges | 33.99 | 10.34 |
| **Total** | **1,067.92** | **1,104.19** |

**Foot note :**

Finance costs incurred by the group on qualifying assets are capitalised and accordingly the finance cost reported is net of such capitalization

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| Gross finance costs | 1,067.92 | 1,104.19 |
| Less : Capitalised | - | - |
| Finance costs (net) | **1,067.92** | **1,104.19** |

Luthra & Luthra New Delhi Chartered Accountants

### 15. Other financial liabilities

Other financial liabilities - Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| **Current maturities of long-term debt** | | | |
| **(a) Secured** | | | |
| (i) Non Convertible Debentures | | | |
| a) Debentures | - | 128.30 | 125.57 |
| b) Series A | 281.43 | - | - |
| c) Series B | 203.83 | - | - |
| (ii)Term loans | | | |
| - from Bank | - | 132.49 | 123.66 |
| Less : Unamortised Borrowing Cost | - | (3.31) | (3.22) |
| - from Financial Institute | - | 173.91 | 148.71 |
| Less : Unamortised Borrowing Cost | - | (0.89) | (0.89) |
| **(b) Unsecured** | | | |
| - from Bank | - | - | 228.57 |
| Less : Unamortised Borrowing Cost | - | | (0.49) |
| - from Financial Institute | - | - | 28.57 |
| Less : Unamortised Borrowing Cost | - | | - |
| Interest accrued and due - Related Parties | 40.33 | - | - |
| **Total** | **525.58** | **430.51** | **650.49** |

### 16. Other liabilities

Other current liabilities

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| Others | | | |
| -Statutory Dues | 3.29 | 0.56 | 1.31 |
| **Total** | **3.29** | **0.56** | **1.31** |

### 17. Short-term Borrowings

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| **Unsecured - at amortised cost** | | | |
| Loans from related parties | 1,307.33 | 3,483.28 | 2,203.80 |
| **Total** | **1,307.33** | **3,483.28** | **2,203.80** |

### 18. Trade payables - Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| Trade payables | 231.41 | 47.27 | 35.61 |
| Others | 2.15 | 4.14 | 6.69 |
| **Total** | **233.56** | **51.41** | **42.31** |

### 19. Current tax assets and liabilities

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| **Current tax assets** | | | |
| Advance payment of taxes (net of provision) | 55.05 | 39.60 | 36.19 |
| **Total** | **55.05** | **39.60** | **36.19** |

Luthra & Luthra New Delhi Chartered Accountants

HAZARIBAGH RANCHI EXPRESSWAY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2017

24. Other expenses

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| Travelling and conveyance | 0.56 | 0.31 |
| Legal and consultation fees | 10.36 | 9.09 |
| Rates and taxes | 0.22 | 0.03 |
| Repairs and Maintenance | | 3.11 |
| Communication expenses | 0.02 | 0.05 |
| Insurance | 0.00 | 0.00 |
| Printing and Stationary | 0.00 | 0.02 |
| Directors Fees | 0.62 | 0.43 |
| Bank Comission | - | 0.63 |
| Payment to auditors | 0.63 | 0.90 |
| Miscellaneous expenses | 0.02 | 0.01 |
| Total | 12.43 | 14.58 |

| Payments to auditors | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| a) For audit | 0.30 | 0.29 |
| b) For other services | 0.33 | 0.61 |
| **Total** | **0.63** | **0.90** |

25. Income taxes

Income tax recognised in profit or loss

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| Current tax | - | - |
| **Total income tax expense recognised in the current year** | - | - |

Luthra & Luthra New Delhi Chartered Ac

## 26. Earnings per share

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| **From Continuing operations** | **Rs. per share** | **Rs. per share** |
| Basic earnings per share | (3.08) | (4.08) |
| Diluted earnings per share | (3.08) | (4.08) |

### 26.1 Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| Profit for the period attributable to owners of the Company (A) | (403) | (534) |
| Weighted average number of equity shares for the purposes of basic earnings per share | 131,000,000 | 131,000,000 |
| **Basic Earnings per share (A/B)** | (3.08) | (4.08) |

### 26.2 Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows.
The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| Earnings used in the calculation of basic earnings per share<br>Adjustments (describe) | (403) | (534) |
| **Earnings used in the calculation of diluted earnings per share (A)** | (403) | (534) |
| Weighted average number of equity shares used in the calculation of basic earnings per share<br>Adjustments [describe] | 131,000,000 | 131,000,000 |
| **Weighted average number of equity shares used in the calculation of diluted earnings per share** | 131,000,000 | 131,000,000 |
| **Diluted earnings per share (A/B)** | (3.08) | (4.08) |

Luthra & Luthra New Delhi Chartered Accountants

**27. Financial Instruments**

**27.1 Capital management**

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to shareholders and also complying with the ratios stipulated in the loan agreements through the optimisation of debt and equity balance .

The capital structure of the company consists of debt (borrowings as detailed in notes ) and equity of the Company (comprising issued capital, reserves and subordinated debt from the Immediate Parent Company).

27.1.1 Capital Gearing Ratio

The Debt Service Coverage Ratio at end of the reporting period was as follows.

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| Debt | 9,223.28 | 9,621.37 | 9,519.07 |
| Cash and Bank Balances | 1,324.63 | 305.85 | 178.68 |
| Net Debt (A) | 7,898.65 | 9,315.52 | 9,340.39 |
| Equity (B) | 913.38 | 31.03 | 565.31 |
| Net Debt to Equity Ratio in times (A/B) | 8.65 | 300.17 | 16.52 |

(i) Debt is defined as long-term, current maturity of long term, short term borrowings and interest accrued thereon

(ii) Total equity is defined as equity share capital and reserves and surplus

**27.2 Categories of financial instruments**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| **Financial assets** | | | |
| Financial Assets measured at amortised cost | | | |
| Cash and bank balances | 1,324.63 | 305.85 | 178.68 |
| Receivables under service concession arrangements | 8,983.47 | 9,347.34 | 9,899.37 |
| Others | 0.61 | 0.61 | 4.03 |
| Financial liabilities | | | |
| Financial Liabilities measured at amortised cost | | | |
| Borrowings (including Interest Accrued) | 9,223.28 | 9,621.37 | 9,519.07 |
| Trade Payables | 233.56 | 51.41 | 42.31 |

**27.3 Financial risk management objectives**

The company's financial risks mainly include market risk (interest rate risk), credit risk and liquidity risk.

**27.4 Market risk**

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

**27.4 Interest rate risk management**

Company is paying interest at fixed rate. Hence, does not exposed to interest risk management.
The company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

**27.4.1 Interest rate sensitivity analysis**
Company is paying at fixed interest rate, the interest rate sensitivity is not applicable.

**27.5 Credit risk management**

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 with creditworthy counterparties.The Management believes that the credit risk is negligible since its main receivable is from the grantors of the concession which is a government authority.

Luthra & Luthra
New Delhi
Chartered Acc

**27.6 Liquidity risk management**

27.6.1 Liquidity and interest risk tables

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

| Particulars | As at March 31, 2017 | | | As at March 31, 2016 | | | As at April 01, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Non-interest bearing | Variable interest rate instruments | Fixed interest rate instruments | Non-interest bearing | Variable interest rate instruments | Fixed interest rate instruments | Non-interest bearing | Variable interest rate instruments | Fixed interest rate instruments |
| Less than 1 year | 233.56 | - | 2,446.63 | 51.41 | 733.34 | 4,076.06 | 42.31 | 729.90 | 2,684.08 |
| 1-3 Years | - | - | 2,100.73 | - | 1,374.61 | 643.65 | | 1,422.13 | 698.33 |
| 3 to 5 years | - | - | 2,093.98 | - | 1,337.93 | 628.56 | | 1,365.49 | 635.92 |
| 5+ years | 726.77 | - | 5,358.29 | - | 3,064.74 | 1,968.81 | | 3,723.00 | 2,278.77 |
| Total | 960.34 | - | 11,999.63 | 51.41 | 6,510.62 | 7,316.98 | 42.31 | 7,240.53 | 6,297.10 |
| | | | | | | | | | |
| Carrying Value | 960.34 | - | 8,496.51 | 51.41 | 4,067.52 | 5,553.85 | 42.31 | 5,119.12 | 4,399.95 |
| Weighted Average Interest Rate | 0.00% | - | 8.34% | 0.00% | 10.74% | 7.82% | 0.00% | 11.01% | 9.46% |

The following table details the company's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on financial assets is necessary in order to understand the company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

| Particulars | As at March 31, 2017 | | | As at March 31, 2016 | | | As at April 01, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Non-interest bearing | Variable interest rate instruments | Fixed interest rate instruments | Non-interest bearing | Variable interest rate instruments | Fixed interest rate instruments | Non-interest bearing | Variable interest rate instruments | Fixed interest rate instruments |
| Less than 1 year | 16.73 | - | 2,520.01 | 85.80 | 1,163.57 | 220.87 | 37.59 | 1,134.45 | 142.04 |
| 1-3 Years | | | 2,399.90 | - | 2,306.72 | - | | 2,320.62 | |
| 3 to 5 years | | | 2,382.03 | - | 2,260.01 | - | | 2,295.12 | |
| 5+ years | 0.81 | | 6,985.25 | - | 7,384.02 | - | | 8,499.41 | |
| Total | 17.53 | - | 14,287.19 | 85.80 | 13,114.32 | 220.87 | 37.59 | 14,249.60 | 142.04 |
| | | | | | | | | | |
| Carrying Value | 17.53 | - | 10,287.37 | 85.80 | 9,348.20 | 220.00 | 37.59 | 9,904.15 | 140.34 |

The amounts included above for variable interest rate instruments for financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

27.6.2 Financing facilities

As at the reporting date there are no unused bank overdraft facilities and bank loan facilities which may be extended by mutual agreement.

**27.7 Fair value measurements**

27.7.1 Fair value measurements

This note provides information about how the company determines fair values of various financial assets and financial liabilities.

27.7.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

| | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | |
| Financial assets at amortised cost: | 8,983 | 8,983 | 9,347 | 9,347 |
| Receivables under service concession | 8,983 | 8,983 | 9,347 | 9,347 |
| | | | | |
| **Financial liabilities** | | | | |
| Financial liabilities held at amortised cost: | 9,223 | 9,223 | 9,621 | 9,621 |
| Borrowings (including Interest Accrued) | 9,223 | 9,223 | 9,621 | 9,621 |

Fair value as at March 31, 2017

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| **Financial assets** | | |
| Financial assets at amortised cost: | | |
| Receivables under service concession | 8,983 | 9,347 |
| | | |
| Total | 8,983 | 9,347 |
| | | |
| **Financial liabilities** | | |
| Financial liabilities held at amortised cost: | | |
| Borrowings (including Interest Accrued) | 9,223 | 9,621 |
| | | |
| Total | 9,223 | 9,621 |

Luthra & Luthra
New Delhi
Chartered Accountants

# HAZARIBAGH RANCHI EXPRESSWAY LIMITED
## Notes forming part of the Financial Statements for the year ended March 31, 2017

### 28. Capital Commitments

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | - | 17.43 | 40.73 |
| (b)Estimated amount of contracts remaining to be executed on Operation and Maintainence and not provided for | 379.33 | 998.04 | 1,056.15 |
| (c)Estimated amount of contracts remaining to be executed on Overlay expenses and not provided for | 745.02 | - | - |
| **Total** | 1,124.35 | 1,015.47 | 1,096.87 |

### 29. Contingent liabilities and contingent assets

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| (a) Claims against the Company not acknowledged as debt | | | |
| -Demand for Assessment Year 2011-12 for which the Company's appeal is pending with the appellate authority | 1.70 | 1.70 | 1.70 |
| -Demand for Assessment Year 2012-13 for which the Company's appeal is pending with the appellate authority | 2.80 | 2.80 | 2.80 |
| (b) Other money for which the company is contingently liable | | | |
| - Contingent liabilities incurred by the Company arising from its NCD Refinance | 64.80 | - | - |

### 30. Note on demonitisation

Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-

| | SBNs | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 0.0010 | 0.0004 | 0.0014 |
| (+) Permitted receipts | - | - | - |
| (+) withdrawals | | 0.0015 | 0.0015 |
| (-) Permitted payments | - | 0.0014 | 0.0014 |
| (-) Amount Deposited | 0.0010 | - | 0.0010 |
| Closing cash in hand as on 30.12.2016 | - | 0.0004 | 0.0004 |

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

### Notes forming part of the Financial Statements for the year ended March 31, 2017

**31. Related Party Disclosures**

**As at March 31, 2017**

(a) Name of the Related Parties and Description of Relationship:

| Nature of Relationship | Name of Entity | Abbreviation used |
|---|---|---|
| Holding Company : | IL&FS Transportation Networks Limited | ITNL |
| Fellow Subsidiaries<br>(Only with whom there have been transaction during the period/ there was balance outstanding at the year end) | ISSL CPG BPO Private Limited | ISSL |
| | IL&FS Financial Services Limited | IFIN |
| Key Management Personnel ("KMP") | Gautam Tandasi | Manager |
| | Chandrakant Jagasia | Chief Financial Officer |
| | Dilip Darji | Company Secretary |
| | Sanjay Minglani | Director |
| | Vijay Kini | |
| | Sumathy Iyer | |
| | Prashant Agarwal | |
| | Sanjay Rane | Independent Director |
| | Paresh Shah | |
| | Milan Chakravati | |
| | Capt. Swapan Paul | |
| Other Enterprises having significant influenceover HREL | Punj Llyod Limited | PLL |

**As at March 31, 2016**

(a) Name of the Related Parties and Description of Relationship:

| Nature of Relationship | Name of Entity | Abbreviation used |
|---|---|---|
| Holding Company | IL&FS Transportation Networks Limited | ITNL |
| Fellow Subsidiaries<br>(Only with whom there have been transaction during the period/ there was balance outstanding at the year end) | IL&FS Trust Company Limited | ITCL |
| | IL&FS Financial Services Limited | IFIN |
| | ISSL CPG BPO Pvt. Ltd. | ISCBPL |
| Key Management Personnel ("KMP") | Gautam Tandasi | Manager |
| | Chandrakant Jagasia | Chief Financial Officer |
| | Dilip Darji | Company Secretary |
| | Sanjay Minglani | Director |
| | Vijay Kini | |
| | Sumathy Iyer | |
| | M. B. Balulge upto 19.01.2016 | |
| | Milan Chakravati from 27.05.2015 | Independent Director |
| | Paresh Shah from 27.05.2015 | |
| Other Enterprises having significant influence over HREL | Punj Lyod Limited | PLL |

**As at March 31, 2015**

(a) Name of the Related Parties and Description of Relationship:

| Nature of Relationship | Name of Entity | Abbreviation used |
|---|---|---|
| Holding Company | IL&FS Transportation Networks Limited | ITNL |
| Fellow Subsidiaries<br>(Only with whom there have been transaction during the period/ there was balance outstanding at the year end) | IL&FS Trust Company Limited | ITCL |
| | IL&FS Securties Services Limited | ISSL |
| | IL&FS Financial Services Limited | IFIN |
| | Elsamex India Pvt. Ltd. | EIPL |
| Key Management Personnel ("KMP") | Rajnish Saxena - Managing Director till J | Managing Director |
| | Sanjay Minglani - Managing Director from | |
| | Chandrakant Jagasia | Chief Financial Officer |
| | Dilip Darji | Company Secretary |
| | Harish Mathur | Director |
| | Mukund Sapre | |
| | Vijay Kini | |
| Other Enterprises having significant influence over HREL | Punj Lyod Limited | PLL |

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

## Notes forming part of the Financial Statements for the year ended March 31, 2017

Related Party Disclosures (contd.)

For the year ended March 31, 2017

(b) transactions/ balances with above mentioned related parties (mentioned in note 31 above)

| Particulars | ITNL | PLL | ISCBPL | IFIN | KMP | Total |
|---|---|---|---|---|---|---|
| **Balance** | | | | | | |
| Equity share Capital | 1,309.87 | 0.13 | | | | 1,310.00 |
| Trade Payables | 193.88 | | | 37.54 | | 231.41 |
| Secured Loan - Sub Debt | 500.00 | | | | | 500.00 |
| Unsecured Term Loan | 1,480.00 | | | | | 1,480.00 |
| Unsecured Short Term Loan | 1,307.33 | | | | | 1,307.33 |
| Interest Accrued and due | 40.33 | | | | | 40.33 |
| **Transactions** | | | | | | |
| Construction Cost | 207.10 | | | | | 207.10 |
| O & M Fees | 32.39 | | | | | 32.39 |
| Overlay Expenses | 11.00 | | | | | 11.00 |
| Interest Cost | 401.77 | | | | | 401.77 |
| Deputation Cost | 1.17 | | | | | 1.17 |
| Legal & Professional Fees | - | | 0.02 | | | 0.02 |
| Advisory Fees | | | | 41.11 | | 41.11 |
| Loan Taken | 910.00 | | | | | 910.00 |
| Loan Repaid | 0.00 | | | | | 0.00 |
| Director Sitting Fees (Sanjay Minglani) | | | | | 0.05 | 0.05 |
| Director Sitting Fees (Vijay Kini) | | | | | 0.13 | 0.13 |
| Director Sitting Fees (Sumathy Iyer) | | | | | 0.06 | 0.06 |
| Director Sitting Fees (Prashant Agarwal) | | | | | 0.05 | 0.05 |
| Independent Director (Sanjay Rane) | | | | | 0.03 | 0.03 |
| Independent Director (Paresh Shah) | | | | | 0.06 | 0.06 |
| Independent Director (Milan Chakravaty) | | | | | 0.14 | 0.14 |
| Independent Director (Capt. Swapan Paul) | | | | | 0.02 | 0.02 |

For the year ended March 31, 2016

| Particulars | ITNL | PLL | ISCBPL | ITCL | IFIN | KMP | Total |
|---|---|---|---|---|---|---|---|
| **Balance** | | | | | | | |
| Share Capital | 1,309.87 | 0.13 | | - | | | 1,310.00 |
| Trade Payables | 47.27 | | | - | | | 47.27 |
| Secured Loan - Sub Debt | 500.00 | | | - | | | 500.00 |
| Unsecured Short Term Loan | 3,483.28 | | | - | | | 3,483.28 |
| Deposit Given | | | | 0.00 | | | 0.00 |
| **Transactions** | | | | | | | |
| Construction Cost | 89.05 | | | - | | | 89.05 |
| O & M Fees | 58.10 | | | - | | | 58.10 |
| Interest Cost | 462.26 | | | - | | | 462.26 |
| Deputation Cost | 1.11 | | | | | | 1.11 |
| Legal & Professional Fees | | | 0.02 | | | | |
| Security Trustee Fees paid | - | | | 0.57 | | | 0.57 |
| Finance Charges | - | | | - | 11.40 | | 11.40 |
| Loan Taken | 1,969.48 | | | - | | | 1,969.48 |
| Loan Repaid | 690.00 | | | - | | | 690.00 |
| Director Sitting Fees (Sanjay Minglani) | | | | | | 0.04 | 0.04 |
| Director Sitting Fees (Vijay Kini) | | | | | | 0.09 | 0.09 |
| Director Sitting Fees (Sumathy Iyer) | | | | | | 0.04 | 0.04 |
| Director Sitting Fees (M. B. Bajulge) | | | | | | 0.03 | 0.03 |
| Independent Director (Milan Chakravaty) | | | | | | 0.09 | 0.09 |
| Independent Director (Paresh Shah) | | | | | | 0.09 | 0.09 |

For the year ended March 31, 2015

| Particulars | ITNL | PLL | ISSL | ITCL | IFIN | KMP | Total |
|---|---|---|---|---|---|---|---|
| **Balance** | | | | | | | |
| Share Capital | 1,309.87 | 0.13 | | - | | | 1,310.00 |
| Trade Payables | 35.61 | | | - | 0.00 | | 35.61 |
| Secured Loan - Sub Debt | 500.00 | | | - | | | 500.00 |
| Unsecured Short Term Loan | 2,203.80 | | | - | | | 2,203.80 |
| Deposit Given | | | | 0.00 | | | 0.00 |
| **Transactions** | | | | | | | |
| Construction Cost | 557.53 | | | - | | | 557.53 |
| O & M Fees | 55.33 | | | - | | | 55.33 |
| Interest Cost | 282.72 | | | - | | | 282.72 |
| Deputation Cost | 1.05 | | | | | | 1.05 |
| Legal & Professional Fees | | | 0.02 | | | | 0.02 |
| Security Trustee Fees paid | - | | | 0.90 | | | 0.90 |
| Finance Charges | - | | | - | - | | |
| Loan Taken | 1,268.80 | | | - | | | 1,268.80 |
| Loan Repaid | 385.00 | | | - | | | 385.00 |
| Director Sitting Fees (Sanjay Minglani) | | | | | | 0.04 | 0.04 |
| Director Sitting Fees (Harish Mathur) | | | | | | 0.02 | 0.02 |
| Director Sitting Fees (Mukund Sapre) | | | | | | 0.02 | 0.02 |
| Director Sitting Fees (Vijay Kini) | | | | | | 0.01 | 0.01 |

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED
## Notes forming part of the Financial Statements for the year ended March 31, 2017

Note - 32

**Significant terms of Service Concession Arrangements.**

| Particulars | Project 1 |
|---|---|
| Brief description of Concession | The Company has entered into a Concession Agreement with National Highways Authority of India (NHAI) on October 08, 2009 to Design, Engineer, Finance, Procure, Construct, Operate and Maintain 4 laning Hazaribagh-Ranchi section of NH-33 from km 40.500 to km 114.000 in the State of Jharkhand on Build, Operate and Transfer (Annuity) basis. The Concession Agreement envisages concession for a period of 18 years commencing from the Appointed date August 01, 2010 including construction period of 910 days required for 4 laning of the Project. The Company is entitiled to receive half yearly Annuity of Rs.64.08Cr |
| Nature of Assets | Financial Asset |
| Year when SCA granted | 2010 |
| Period | 18 years |
| Stage | Under Operation and Maintainence |
| Premature Termination | Force Majure or on event of default by either party |
| Overlay | Has to be incurred as and when the riding quality falls below the standards specified in the Concession Agreement |

**33. Segment Reporting**

The company operates in a single business segment viz. Surface Transportation Business. Also it operates in a single geographic segment. In the absence of separate reportable business or geographic segments the disclosures required under the Indian Accounting Standard (INDAS) 108 on 'Operating Segments' are not applicable.

**34. Approval of Financial Statements:**

The financial statements were approved for issue by the board of Directors on May 10, 2017

**35. Previous year**

Figures for the previous year have been regrouped, reclassified where necessary, to conform to the classification of the current year.

**For Luthra & Luthra**
Chartered Accountants
Firm Registration No.002081N

Luthra & Luthra New Delhi Chartered Accountants

Akhilesh Gupta
**Partner**
Mem. No. : 89909

Place: Mumbai
Date: May 10, 2017

**For and on behalf of the Board**

Vijay Kini
**Director**
Din:06612768

Prashant Agarwal
**Director**
Din:02348083

Chandrakant Jagasia
**Chief Financial Officer**

Dilip Darji
**Company Secretary**

Place: Mumbai
Date: May 10, 2017

# Hazaribagh Ranchi Expressway Limited

**Regd. Office :** The IL&FS Financial Center, Plot C-22, G Block, Bandra Kurla Complex, Mumbai- 400051
**Tel :** 022-26533333 **Fax :** 022-26523979
**CIN :** **U45203MH2009PLC191070**

## NOTICE OF THE EIGHT ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Eight Annual General Meeting of the Members of Hazaribagh Ranchi Expressway Limited will be held at the Registered Office of the Company at The IL&FS Financial Center, Plot No. C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051 on Thursday, September 28, 2017, at 11.00 a.m. to transact the following business:

**ORDINARY BUSINESS:**

(1) To receive, consider and adopt the Audited Financial Statement containing the Balance Sheet as at March 31, 2017 and the Statement of Profit & Loss, Cash Flow Statement, notes and schedules forming part of the Financial Statement for the year ended March 31, 2017 on that date together with the Report of the Directors and the Auditors thereon

"**RESOLVED THAT** pursuant to section 134 of the Companies Act, 2013 Audited Financial Statement containing the Balance Sheet as at March 31, 2017 and the Statement of Profit & Loss, Cash Flow Statement, notes and schedules forming part of the Financial Statement for the Financial Year ended 31st March 2017 together with the Directors' Report and Auditors' Report thereon be and are hereby received, considered and adopted."

(2) To appoint a Director in place of Ms. Sumathy Sivramkrishnan (DIN: 06720409), who retires by rotation and being eligible offers herself for re-appointment

"**RESOLVED THAT** Ms. Sumathy Sivramkrishnan (DIN: 06720409) who retires by rotation, and being eligible, offers herself for re-appointment be and is hereby re-appointed as Director".

(3) To ratify the appointment of M/s. Luthra & Luthra Associates, Statutory Auditors of the Company, and to fix their remuneration and to pass the following resolution as an ordinary resolution thereof:

"**RESOLVED THAT**, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the appointment of M/s. Luthra & Luthra Associates, Chartered Accountants, Registration No. 002081N, as the Statutory Auditors of the Company be and is hereby ratified for the Financial Year 2017-18, who shall hold office till the conclusion of next Annual General Meeting and authorized the Board of Directors to determine their remuneration'

# Hazaribagh Ranchi Expressway Limited


| | | |
|---|---|---|
| **Regd. Office** | : | The IL&FS Financial Center, Plot C-22, G Block, Bandra Kurla Complex, Mumbai- 400051 |
| **Tel** | : | 022-26533333 **Fax :** 022-26523979 |
| **CIN** | : | **U45203MH2009PLC191070** |


**SPECIAL BUSINESS:**

(4) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications(s) or re-enactment(s) thereof, Chivilkar Solanki & Associates, Cost Accountant appointed by the Board of Directors to conduct the audit of the cost records of the Company for FY 2017-18 be paid a remuneration of ₹ 60,000/- plus service tax as applicable and reimbursement of out of pocket expenses incurred by him in connection with the aforesaid audit"

For and on behalf of the Board of Directors
**Hazaribagh Ranchi Expressway Limited**

Dilip Darji
Company Secretary

Mumbai
August 2, 2017

Registered Office:
The IL&FS Financial Centre
Plot No.C-22, G Block, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

# Hazaribagh Ranchi Expressway Limited


**Regd. Office :** The IL&FS Financial Center, Plot C-22, G Block, Bandra Kurla Complex, Mumbai- 400051
**Tel :** 022-26533333 **Fax :** 022-26523979
**CIN :** **U45203MH2009PLC191070**


---

NOTES:

1. **A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY–EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, trusts, etc., must be supported by appropriate resolutions / authority, as applicable**

2. **The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), in respect of the business under Item Nos. 2 of the Notice is annexed hereto. The relevant details as required under Secretarial Standard 2 (SS-2) for persons seeking Appointment/Re-appointment as Director under Item No. 2 of the Notice is also annexed**

3. **Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Act are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing such representative(s) to attend and vote on their behalf at the Meeting**

4. **All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the Members at the Company's Registered Office on all working days (except Saturdays, Sundays and Public holidays) between 2.00 pm to 5.00 pm prior to the date of this Annual General Meeting**

# Hazaribagh Ranchi Expressway Limited

**Regd. Office :** The IL&FS Financial Center, Plot C-22, G Block, Bandra Kurla Complex, Mumbai- 400051
**Tel** : 022-26533333 **Fax** : 022-26523979
**CIN** : **U45203MH2009PLC191070**

## EXPLANATORY STATEMENT

THE FOLLOWING EXPLANATORY STATEMENT SETS OUT THE MATERIAL FACTS WITH RESPECT TO THE NOTICE DATED SEPTEMBER 28, 2017 AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013

**Item No. 2:**

The details as prescribed under Secretarial Standard -2 (SS-2) issued by the Institute of Company Secretaries of India are tabled below:-

| Sr. No. | Particulars |
|---|---|
| **Name** | Ms. Sumathy Sivramkrishnan |
| **Age** | 50 years |
| **Qualification** | Civil Engineer from REC- Gujarat<br>Double Master Degree – One in Marine Structures from REC – Karnataka and another in Applied Science from University of British Columbia - Canada |
| **Experience** | 25 + Years |
| **Terms and Conditions of Appointment or Re-Appointment** | Additional Director |
| **Date of First appointment on the Board** | 21/01/2015 |
| **Shareholding in the Company** | NIL |
| **Relationship with other Directors, Manager and KMP** | - |
| **No. of Board meetings attended during the year** | **6** |
| **Other Directorships** | 1. MP Boarder Checkpost Development Company Limited<br>2. Kiratpur Ner Chowk Expressway Limited<br>3. Sikar Bikaner Highway Limited<br>4. Sealand Ports Private Limited<br>5. Khed Sinnar Expressway Limited<br>6. Baleshwar Kharagpur Expressway Limited<br>7. Avash Logistic Park Private Limited<br>8. Sealand Warehousing Private Limited<br>9. IMICL Dighi Maritime Limited |

| | |
|---|---|
| **Membership/Chairmanship of the Committees of Board held in other company** | She is a member in the Audit Committee and Nomination and Remuneration Committee of 1 Company |

**Item No 4:**

The Board of Directors on the recommendation of the Audit Committee, had approved the appointment of Chivilkar Solanki & Associates, Cost Accountants, to conduct the audit of the cost records of the Company for FY 2017-18

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Members are requested to approve the remuneration payable to the Cost Auditor for the financial year ending March 31, 2017, as set out in the Resolution Nos. 4 of the Notice

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the said Resolutions

The Board of Directors recommend the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Members

For and on behalf of the Board of Directors
of **Hazaribagh Ranchi Expressway Limited**

Dilip Darji
Company Secretary

August 2, 2017

**Registered Office:**
The IL&FS Financial Centre
Plot No.C-22, G Block, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

# Hazaribagh Ranchi Expressway Limited


| | | |
|---|---|---|
| **Regd. Office** | **:** | The IL&FS Financial Center, Plot C-22, G Block, Bandra Kurla Complex, Mumbai- 400051 |
| **Tel** | **:** | 022-26533333 **Fax :** 022-26523979 |
| **CIN** | **:** | **U45203MH2009PLC191070** |


## ATTENDANCE SLIP

Eighth Annual General Meeting held on Thursday, September 28, 2017, at 11.00 a.m.

I hereby record my presence at the Eighth Annual General Meeting of Hazaribagh Ranchi Expressway Limited to be held at the Registered Office of the Company at The IL&FS Financial Centre, Plot No. C-22, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051 on Thursday, September 28, 2017, at 11.00 a.m.

Member's Folio No. : ……………………………

Name of Member / Proxy Holder : ……………………………

No. of Shares held : ……………………………

Member's / Proxy Holders Signature : ……………………………

**NOTES:**

1. Members / Proxy Holders are requested to produce the attendance slip duly signed for admission to the meeting hall.
2. Members are requested to bring their copy of the Annual Report.
3. Formal system of entry will be strictly adhered.

# Hazaribagh Ranchi Expressway Limited


**Regd. Office** : The IL&FS Financial Center, Plot C-22, G Block, Bandra Kurla Complex, Mumbai- 400051

**Tel** : 022-26533333 **Fax** : 022-26523979

**CIN** : **U45203MH2009PLC191070**


---

**Form No. MGT-11**

**Proxy form**

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

CIN: **U45203MH2009PLC191070**

Name of the company : **HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

Registered office: **The IL&FS Financial Center, Plot No. C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051**

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/We, being the member (s) of …………. shares of the above named company, hereby appoint

1. Name: ……………………

   Address:

   E-mail Id:

   Signature:……………., or failing him

2. Name: ……………………

   Address:

   E-mail Id:

   Signature:……………., or failing him

# Hazaribagh Ranchi Expressway Limited

**Regd. Office** : The IL&FS Financial Center, Plot C-22, G Block, Bandra Kurla Complex, Mumbai- 400051
**Tel** : 022-26533333 **Fax** : 022-26523979
**CIN** : **U45203MH2009PLC191070**

3. Name: ……………………

Address:

E-mail Id:

Signature :…………….

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 8th Annual General Meeting of the company, to be held on Thursday, September 28, 2017, at 11.00 a.m. at The IL&FS Financial Center, Plot No. C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051 and at any adjournment thereof in respect of such resolutions as are indicated below:

**<u>Ordinary Business:</u>**

**Resolution No.**

1. ………………Adoption of Audited Financial Statements for the financial year ended March 31, 2017 and reports of the Board of Directors and Auditors thereon.
2. …………….. Re-appointment of Ms. Sumathy Sivramkrishnan, who retires by rotation
3. ……………… To ratify the appointment of M/s. Luthra & Luthra Associates, Chartered Accountant as Statutory Auditors of the Company and to fix their remuneration

**<u>Special Business:</u>**

4. ………………..Approval of Cost Auditor's Remuneration for the F.Y. 2017-18

Signed this…… day of……… 20….

Signature of shareholder

Signature of Proxy holder(s)

Affix Revenue Stamp

**Note: This form of proxy in order to be effective should be duly completed, filled, signed, stamped and/or deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

# ROAD MAP FOR ANNUAL GENERAL MEETING