VISWESWARA RAO & ASSOCIATES
Chartered Accountants

'SRI', 8-2-686/DB/22/1,
Road No. 12, Banjara Hills
Hyderabad – 500 034.
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## Independent Auditors' Report

To
The Members,
RAMKY ELSAMEX HYDERABAD RING ROAD LIMITED

### Report on the Ind AS financial statements

We have audited the accompanying financial Ind AS statements of **RAMKY ELSAMEX HYDERABAD RING ROAD LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (Including other comprehensive income), the Statement of cash flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein referred to as 'Ind AS financial statements').

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, and cash flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read wit relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements based on our audit.

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

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

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 financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Emphasis of Matter**

We draw attention to the following matter in the Notes to the Ind AS financial statements:

Note No.35 to the Ind AS financial statements regarding certain aged receivables / retentions, the realizations are not-in line with terms of the Concession agreement with Hyderabad Metropolitan Development Authority (HMDA). Now the matter is pending before the Arbitral Tribunal. The Management believes that these amounts are recoverable in full. Our report is not qualified in respect of this matter as the consequential financial impact will be known only when the matter is resolved.

**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 section 143(11) of the Act, we give in the Annexure –A a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss, the statement of Cash flows and the changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, relevant rules issued there under.

   (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.

   (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 does not have any pending litigations which would impact its financial position;

      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 its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company.

For Visweswara Rao & Associates
Chartered Accountants
Firm Registration No. 005774S

VISWESWARA RAO & ASSOCIATES HYDERABAD CHARTERED ACCOUNTANTS

Partner
Membership No.216463

Place: Hyderabad
Date:28.06.2017

**Annexure– A to the Independent Auditors' Report:**

The Annexure referred to the Independent auditors' report to the members of the company on the Ind AS financial statements for the year ended 31 March 2017, we report that:

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b). A major portion of fixed assets have been physically verified by the management during the year at reasonable intervals; no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventory has been physically verified by the management during the year at reasonable intervals; no material discrepancies were noticed on such verification and have been properly dealt with in the books of account.

iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

iv. The company has not granted/made/given any loans, investments, guarantees, and security under section 185 and 186 of the Companies Act, 2013, hence paragraph 3 (iv) of the Companies (Auditor's Report) Order, 2016 is not applicable.

v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any tribunal.

vi. We have broadly reviewed the accounts and records maintained by the company as specified by the Central Government of India for the maintenance of cost records under sub section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us the company has been generally regular in depositing the 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 as applicable with the appropriate authorities and no undisputed amounts payable were outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Income Tax or Sales Tax or Service Tax or duty of customs or duty of excise or value added tax or cess as at 31st March, 2017 which have not been deposited on account of a dispute.

viii. In our opinion and according to the information and explanations given to us, *except for the dues stated below* the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any loans from Government and outstanding debentures during the year.

Details of delays in repayment of principal and interest against the borrowing facilities availed from banks and financial institutions and fallen due during the year ended 31 March 2017, but repaid before 31 March 2017 are as follows:

| Name of the bank | Principal Amount in Rs. | Delay (in days) | Interest Amount in Rs. | Delays (in days) |
|---|---|---|---|---|
| ICICI Bank Limited | 79,40,530 | 89 | 8,08,24,861 | 31-90 |
| IDBI Bank | 5,50,00,000 | 60-90 | 2,25,31,028 | 31-90 |
| IIFCL | 10,66,16,070 | 105-135 | 6,97,71,268 | 33-152 |

Details of delays in repayment of Principle and Interest on term loans obtained from banks and financial institutions, which were outstanding as at 31 March 2017:

| Name of the bank / financial institution | Principle Rupees | Interest Rupees | Due date | Paid on | Delays (in days) |
|---|---|---|---|---|---|
| ICICI Bank Limited | 79,40,530 | 79,48,857 | 28/02/17 | | |
| | | 87,75,871 | 31/03/17 | | |
| | | 81,15,486 | 31/01/17 | 27/04/17 | 86 |
| IDBI Bank | | 22,65,630 | 31/01/17 | 27/04/17 | 86 |
| | | 21,20,897 | 28/02/17 | | |
| | | 23,32,920 | 31/03/17 | | |
| IIFCL | 3,55,38,690 | | 15/03/17 | | |
| | | 14,090 | 31/12/16 | 27/04/17 | 117 |
| | | 70,94,196 | 31/01/17 | 27/04/17 | 86 |
| | | 63,50,424 | 28/02/17 | | |
| | | 70,06,634 | 31/03/17 | | |

ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Companies (Auditor's Report) Order, 2016 is not applicable.

x. 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.

xi. The company has not paid or provided any managerial remuneration during the year. Accordingly, paragraph 3 (xi) of the Companies (Auditor's Report) Order, 2016 is not applicable.

xii. 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 Companies (Auditor's Report) Order, 2016 is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, 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 accounting standards.

Xiv 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.

Xv According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order, 2016 is not applicable.

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

For Visweswara Rao & Associates
Chartered Accountants
Firm Registration No .005774S

(Mahidhar.S.G)
Partner
Membership No.216463

Place: Hyderabad
Date : 28.06.2017

**Annexure– B to the Independent 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 **RAMKY ELSAMEX HYDERABAD RING ROAD LIMITED** ("the Company") as of 31st 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.

## 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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 31st 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 Visweswara Rao & Associates
Chartered Accountants
Firm Registration No .005774S

VISWESWARA RAO & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ HYDERABAD

(Mahidhar.S.G)
Partner
Membership No.216463

Place: Hyderabad
Date : 28.06.2017

Ramky Elsamex Hyderabad Ring Road Limited
Balance Sheet
As at 31 March 2017

(Rs in Millions)

| | Notes | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 4 | 0.694 | 0.883 | 1.073 |
| Financial assets | | | | |
| Other financial assets | 5 | 2,022.354 | 2,306.861 | 2,323.745 |
| Non-current tax assets | 6 | 41.394 | 51.699 | 47.749 |
| **Total non-current assets** | | 2,064.442 | 2,359.443 | 2,372.567 |
| **Current assets** | | | | |
| Inventories | 7 | 0.270 | 0.270 | 0.270 |
| Financial assets | | | | |
| Cash and cash equivalents | 8 | 1.730 | 1.323 | 23.382 |
| Other financial assets | 9 | 946.914 | 946.914 | 947.102 |
| Other current assets | 10 | 0.991 | 0.590 | 0.630 |
| **Total current assets** | | 949.905 | 949.097 | 971.384 |
| **Total assets** | | 3,014.347 | 3,308.540 | 3,343.951 |
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Equity share capital | 11 | 200.000 | 200.000 | 200.000 |
| Other equity | 12 | | | |
| Retained earnings | | 175.289 | 200.798 | 236.732 |
| Equity component of compound financial instruments | | 30.406 | 30.406 | 30.406 |
| **Total equity** | | 405.695 | 431.204 | 467.138 |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 13 | 1,708.332 | 2,136.415 | 2,270.189 |
| Other financial liabilities | 14 | 26.386 | 26.386 | 26.386 |
| Provisions | 15 | - | 15.375 | 15.375 |
| Deferred tax liabilities, net | 16 | 97.796 | 108.262 | 138.972 |
| **Total non-current liabilities** | | 1,832.514 | 2,286.438 | 2,450.922 |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 17 | 29.787 | 26.673 | - |
| Trade and other payables | 18 | 107.873 | 67.776 | 44.094 |
| Other financial liabilities | 19 | 569.720 | 484.996 | 375.398 |
| Provisions | 20 | 63.150 | 8.706 | 2.388 |
| Other current liabilities | 21 | 5.606 | 2.748 | 4.012 |
| **Total current liabilities** | | 776.136 | 590.899 | 425.892 |
| **Total liabilities** | | 2,608.650 | 2,877.337 | 2,876.814 |
| **Total equity and liabilities** | | 3,014.347 | 3,308.540 | 3,343.951 |

The notes 1 to 36 are an integral part of these financial statements.

In terms of our report attached.

**For Visweswara Rao & Associates**
Chartered Accountants
Firm Registration No. 005774S

VISWESWARA RAO & ASSOCIATES * HYDERABAD * CHARTERED ACCOUNTANTS

Mahidhar S.G.
Partner
Membership Number : 216463
Place : Hyderabad

**For and on behalf of the Board**
Ramky Elsamex Hyderabad Ring Road Limited

Ramky Elsamex Hyderabad Ring Road Limited * Hyderabad

**Y.R. Nagaraja**
Director
DIN: 00009810

**D. Himavardhan Reddy**
Director
DIN: 07233271

**Ankush Lahoti**
Company Secretary

**D. Krishna Reddy**
Chief Financial Officer

Ramky Elsamex Hyderabad Ring Road Limited
Statement of Profit and Loss
For the year ended 31 March 2017

(Rs in Millions)

| | Notes | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | 22 | 75.987 | 41.993 |
| Other income | 23 | 272.000 | 257.403 |
| **Total income** | | 347.987 | 299.396 |
| | | | |
| **Expenses** | | | |
| Cost of construction | | 63.150 | 18.578 |
| Employee benefits expense | 24 | - | 0.001 |
| Finance costs | 25 | 279.068 | 318.557 |
| Depreciation expense | 4 | 0.190 | 0.190 |
| Other expenses | 26 | 56.928 | 20.009 |
| **Total expenses** | | 399.336 | 357.335 |
| | | | |
| **Profit before income tax** | | (51.349) | (57.939) |
| Current tax | 27 | - | - |
| Deferred tax | | (10.466) | (22.004) |
| Income tax expense | | (10.466) | (22.004) |
| | | | |
| **Profit for the year** | | (40.883) | (35.935) |
| | | | |
| **Other comprehensive income for the year, net of income tax** | | - | - |
| | | | |
| **Total comprehensive income for the year** | | (40.883) | (35.935) |
| | | | |
| **Earnings per share** | | | |
| Basic earnings per share (INR) | 29 | (2.04) | (1.80) |
| Diluted earnings per share (INR) | 29 | (2.04) | (1.80) |

The notes 1 to 36 are an integral part of these financial statements.

In terms of our report attached.

**For Visweswara Rao & Associates**
Chartered Accountants
Firm Registration No. 005774S

VISWESWARA RAO & ASSOCIATES HYDERABAD CHARTERED ACCOUNTANTS

**Mahidhar S.G.**
Partner
Membership Number : 216463
Place : Hyderabad
Date : 28.06.2017

**For and on behalf of the Board**
Ramky Elsamex Hyderabad Ring Road Limited

Ramky Elsamex Hyderabad Ring Road Limited Hyderabad

D. Himavardhan Reddy

**R. Nagaraja**
Director
DIN: 00009810

**D. Himavardhan Reddy**
Director
DIN: 07233271

**Ankush Lahoti**
Company Secretary

**D. Krishna Reddy**
Chief Financial Officer

Ramky Elsamex Hyderabad Ring Road Limited
Statement of Cash Flows
For the year ended 31 March 2017

(Rs in Millions)

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before tax | (51.349) | (57.939) |
| *Adjustments for:* | | |
| Construction income | (70.413) | (20.715) |
| Construction cost | 63.150 | 18.578 |
| Depreciation expense | 0.190 | 0.190 |
| Interest expense | 279.068 | 318.557 |
| Interest income | (1.931) | (0.194) |
| | **218.715** | **258.477** |
| *Working capital adjustments:* | | |
| Decrease in other financial assets | 291.770 | 19.020 |
| (Increase) Decrease in other current assets | (0.401) | 0.040 |
| Increase (decrease) in provisions | 63.150 | - |
| Increase in trade payables | 40.097 | 23.683 |
| Increase (decrease) in other current liabilities | 2.857 | (1.264) |
| Cash generated from operating activities | **616.188** | **299.956** |
| Income tax paid/(refund) (net) | 1.600 | (6.338) |
| **Net cash from operating activities (A)** | **617.788** | **293.618** |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | - | - |
| Interest received | 1.931 | 0.382 |
| **Net cash from investing activities (B)** | **1.931** | **0.382** |
| **Cash flows from financing activities** | | |
| Repayment of borroiwngs | (362.389) | (110.309) |
| Interest paid | (256.923) | (205.750) |
| **Net cash flow used in financing activities ( C)** | **(619.312)** | **(316.059)** |
| **Net decrease in cash and cash equivalents (A+B+C)** | 0.407 | (22.059) |
| Cash and cash equivalents at 1 April | 1.323 | 23.382 |
| **Cash and cash equivalents at 31 March** | 1.730 | 1.323 |

The notes 1 to 36 are an integral part of these financial statements.

In terms of our report attached.

**For Visweswara Rao & Associates**
Chartered Accountants
Firm Registration No. 005774S

VISWESWARA RAO & ASSOCIATES HYDERABAD CHARTERED ACCOUNTANTS

**Mahidhar S.G.**
Partner
Membership Number : 216463
Place : Hyderabad
Date : 28.06.2017

**For and on behalf of the Board**
Ramky Elsamex Hyderabad Ring Road Limited

Ramky Elsamex Hyderabad Ring Road Limited Hyderabad

**Y.R. Nagaraja**
Director
DIN: 00009810

**D. Himavardhan Reddy**
Director
DIN: 07233271

**Ankush Lahoti**
Company Secretary

**D. Krishna Reddy**
Chief Financial Officer

Ramky Elsamex Hyderabad Ring Road Limited
Statement of changes in equity
For the year ended 31 March 2017

a. Equity share capital

(Rs in Millions)

| | | Amount |
|---|---|---|
| | Balance as at 1 April 2015 | 200.000 |
| | Changes in equity share capital during 2015-16 | - |
| | **Balance as at the 31 March 2016** | **200.000** |
| | Changes in equity share capital during 2016-17 | - |
| | **Balance as at the 31 March 2017** | **200.000** |

b. Other equity

(Rs in Millions)

| | | Reserves and surplus | Equity component of compound financial instruments | Total |
|---|---|---|---|---|
| | | Retained earnings | | |
| | Balance at 1 April 2015 | 236.732 | 30.406 | 267.138 |
| | **Total comprehensive income for the year ended 31 March 2016** | | | |
| | Profit or loss | (35.935) | - | (35.935) |
| | **Total comprehensive income** | (35.935) | - | (35.935) |
| | | | | |
| | **Transactions with owners, recorded directly in equity** | - | | - |
| | | | | |
| | **Balance at 31 March 2016** | **200.798** | **30.406** | **231.203** |
| | | - | | |
| | **Total comprehensive income for the year ended 31 March 2017** | | | |
| | Profit or loss | (40.883) | - | **(40.883)** |
| | Others | 15.375 | | **15.375** |
| | **Total comprehensive income** | **(25.509)** | - | **(25.508)** |
| | | | | |
| | **Transactions with owners, recorded directly in equity** | - | - | - |
| | | | | |
| | **Balance at 31 March 2017** | **175.289** | **30.406** | **205.695** |

The notes 1 to 36 are an integral part of these financial statements.

In terms of our report attached.

**For Visweswara Rao & Associates**
Chartered Accountants
Firm Registration No. 005774S

VISWESWARA RAO & ASSOCIATES HYDERABAD CHARTERED ACCOUNTANTS

**Mahidhar S.G.**
Partner
Membership Number : 216463
Place : Hyderabad
Date : 28.06.2017

**For and on behalf of the Board**
Ramky Elsamex Hyderabad Ring Road Limited

Ramky Elsamex Hyderabad Ring Road Limited Hyderabad

**Y.R. Nagaraja**
Director
DIN: 00009810

**D. Himavardhan Reddy**
Director
DIN: 07233271

**Ankush Lahoti**
Company Secretary

**D. Krishna Reddy**
Chief Financial Officer

## 1. Reporting entity

RamkyElsamex Hyderabad Ring Road Limited (the 'Company') is a company domiciled in India, with itsregistered office situated atRamky Grandiose, 15th Floor, Sy No 136/2 & 4, Gachibowli, Hyderabad, Telangana. The Company has been incorporated under the provisions of theCompanies Act, 1956 as a Special Purpose Vehicle ("SPV") promoted by Ramky Infrastructure Limited ('RIL') and Elsamex S.A('Elsamex').

The Company has entered into a has entered into a Service Concession Arrangement("SCA") with Hyderabad Metropolitan Development Authority (HMDA)for design, construction, development, finance, operation and maintenance of eight lane access controlled expresswayunder Phase-IIA programme as an extension of Phase-I of ORR to HyderabadCity, in the state of Telangana, for the package from Tukkuguda to Shamshabadon Build, Operate and Transfer (BOT) (Annuity) Basis for a period of fifteen (15) years from commencement date i.e. 27 November 2007 including construction period of two years and six months. The construction activities were completed on26 November 2009.

## 2. Basis of preparation

### A. Statement of compliance

These financial statements have been prepared in accordance with Indian AccountingStandards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified underSection 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified underSection 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with IndianAccounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note36.

The financial statements were authorized for issue by the Company's Board of Directors on 28th June 2017.

Details of the Company's accounting policies are included in Note3.

### B. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest rupee, unless otherwise indicated.

### C. Basis of measurement

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

| Items | Measurement Basis |
|---|---|
| Certain financial assets and liabilities | Fair value |

### D. Use of estimates and judgment

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts ofassets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accountingestimates are recognized prospectively.

***Judgments***

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3(j)(ii) – realization of deferred tax assets

***Assumptions and estimation uncertainties***

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2017 is included in the following notes:

- Note 3(d)(ii) – impairment test of non-financial assets;
- Note 3(j)(ii) – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Notes 3(f) – recognition and measurement of provisions and contingencies: keyassumptions about the likelihood and magnitude of an outflow of resources;
- Note 3(d)(i) – impairment of financial assets.

**E. Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 3(a) – financial instruments;

**3. Significant accounting policies**

**a. Financial instruments**

***Non-derivative financial instruments***

All financial instruments are recognized initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognized on trade date. While, loans and borrowings and payable are recognized net of directly attributable transactions costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets at amortized cost; non derivative financial liabilities at amortized cost.
The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition

***Non- derivative financial assets***

Financial assets are initially measured at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

The company's financial assets include security deposits, cash and cash equivalents, employee and other advances, trade receivables and eligible current and non-current assets.

**Non-derivative financial assets – service concession arrangements**

The Company recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor of the concession for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition and classified as trade receivables. Subsequent to initial recognition, such financial assets are measured at amortised cost.

***Non-derivative financial liabilities***

Financial liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

The company has the following financial liabilities: loans and borrowings, trade and other payables including deposits collected from various parties.

***Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**b. Property, plant and equipment**

**i. *Recognition and measurement***

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**ii. *Transition to Ind AS***

On transition to Ind AS, the Company has elected to measure its property, plant and equipment at its fair value as per Ind AS, and use that fair value as the deemed cost of such property, plant and equipment.

### iii. *Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

### iv. *Depreciation*

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

| Asset | Management estimate of useful life | Useful life as per Schedule II |
|---|---|---|
| Office equipment | 5 years | 5years |
| Furniture and fixtures | 10 years | 10 years |
| Computer equipment | 3 years | 3 years |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

## c. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## d. Impairment

### *i. Impairment of financial instruments*

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition

***Measurement of expected credit losses***

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expect to receive).

***Presentation of allowance for expected credit losses in the Balance Sheet***

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

*ii. Impairment of non-financial assets*

The Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. Ifany such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

**e. Employee benefits**

***Short-term employee benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

**f. Provisions (other than employee benefits)**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

***Provision for major maintenance***

Provisions are taken for contractual obligations to maintain the condition of infrastructure under concession, principally to cover the expense of major road repairs (surface courses, restructuring of slow lanes, etc.), bridges, tunnels etc. Provision for major maintenance is determined by discounting the expected maintenance expense spanning several years at a pre-tax rate that reflects the current market assessment of the time value and the risks specific to the liability and is updated annually. Provisions are also taken whenever recognised signs of defects are encountered on identified infrastructure.

**g. Revenue recognition**

***i. Construction contracts***

Construction contract revenue arises from construction of road as per the agreement with HMDA.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenueand can be measured reliably.

If the outcome of a construction contract can be estimated reliably, contract revenue is recognisedin profit or loss in proportion to the stage of completion of the contract. The stage of completion isassessed by reference to surveys of work performed. Otherwise, contract revenue is recognisedonly to the extent of contract costs incurred that are likely to be recoverable.

Contract costs are recognised as expenses as incurred unless they create an asset related to futurecontract activity. An expected loss on a contract is recognised immediately in profit or loss.

*ii. Service concession arrangements*

Revenue related to construction or upgrade services provided under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Company's accounting policy on recognising revenue on construction contacts (see (i) above). Operation or service revenue is recognised in the period in which the services are provided by the Company.

**h. Government grants**

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other operating revenue on a systematic basis.

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other operating revenue on a systematic basis in the periods in which such expenses are recognised.

**i. Recognition of interest income or expense**

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

– the gross carrying amount of the financial asset; or
– the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset or to the amortised cost of the liability.

**j. Income tax**

Income tax comprises of current and deferred tax. It is recognized in profit or loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

*i. Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

*ii. Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will beavailable against which they can be used. The existence of unused tax losses is strong evidencethat future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporarydifferences or there is convincing other evidence that sufficient taxable profit will be availableagainst which such deferred tax asset can be realised. Deferred tax assets – unrecognised orrecognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it isprobable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

**k. Borrowing cost**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**l. Segment reporting**

The Board of Directors assess the financial performance of the Company and make strategic decisions and has been identified as being the Chief Operating Decision Maker (CODM). Based on the internal reporting provided to the CODM, the Company has only one reportable segment i.e. the BOT road project and hence no separate disclosures are required under Ind AS 108.

**m. Earnings per share**

The basic earnings per share ("EPS") for the year is computed by dividing the net profit/ (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

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## 4. Property, plant and equipment

Reconciliation of carrying amount

(Rs in Millions)

| | Land | Vehicles | Office equipment | Total |
|---|---|---|---|---|
| **Deemed cost (gross carrying amount)** | | | | |
| Balance at 1 April 2015 | 0.410 | 0.546 | 0.117 | 1.073 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| **Balance at 31 March 2016** | **0.410** | **0.546** | **0.117** | **1.073** |
| Balance at 1 April 2016 | 0.410 | 0.546 | 0.117 | 1.073 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| **Balance at 31 March 2017** | **0.410** | **0.546** | **0.117** | **1.073** |
| | | | | |
| **Accumulated depreciation and impairment losses** | | | | |
| Depreciation for the year | - | 0.181 | 0.009 | 0.190 |
| Impairment | - | - | - | - |
| Disposals | - | - | - | - |
| **Balance at 31 March 2016** | **-** | **0.181** | **0.009** | **0.190** |
| Balance at 1 April 2016 | - | 0.181 | 0.009 | 0.190 |
| Depreciation for the year | - | 0.181 | 0.009 | 0.190 |
| Impairment | - | - | - | - |
| Disposals | - | - | - | - |
| **Balance at 31 March 2017** | **-** | **0.362** | **0.017** | **0.379** |
| | | | | |
| **Carrying amounts (net)** | | | | |
| **At 1 April 2015** | **0.410** | **0.546** | **0.117** | **1.073** |
| **At 1 April 2016** | **0.410** | **0.365** | **0.108** | **0.883** |
| **At 1 April 2017** | **0.410** | **0.184** | **0.100** | **0.694** |

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### 5. Other non-current financial assets

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| *Unsecured, considered good* | | | |
| Receivable from grantor | 2,021.833 | 2,306.340 | 2,323.224 |
| Security deposits | 0.521 | 0.521 | 0.521 |
| | 2,022.354 | 2,306.861 | 2,323.745 |

### 6. Non-current tax assets

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Advance tax | 41.394 | 51.699 | 47.749 |
| | 41.394 | 51.699 | 47.749 |

### 7. Inventories

*(Valued at lower of cost or NRV)*

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Stores and spares | 0.270 | 0.270 | 0.270 |
| | 0.270 | 0.270 | 0.270 |

### 8. Cash and cash equivalents

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Cash on hand | - | 0.002 | 0.001 |
| Balances with banks: | - | - | - |
| - in current accounts | 1.730 | 1.322 | 1.382 |
| - deposits with maturity is less than 3 months | - | - | 22.000 |
| | 1.730 | 1.323 | 23.382 |

### 9. Other current financial assets

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Other receivables | 1.914 | 1.914 | 1.914 |
| Bonus annuity receivable | 315.000 | 315.000 | 315.000 |
| Interest accrued but not received | - | - | 0.188 |
| Receivable from grantor | 630.000 | 630.000 | 630.000 |
| | 946.914 | 946.914 | 947.102 |

### 10. Other current assets

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Prepaid expenses | 0.921 | 0.520 | 0.549 |
| Advances for expenses | 0.070 | 0.070 | 0.081 |
| | 0.991 | 0.590 | 0.630 |

## 11. Share capital

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Authorised** | | | |
| Equity shares of ` 10 each | 200.000 | 200.000 | 200.000 |
| 10% Cumulative, Redeemable, Optionally Convertible Preference shares of `10 each | 250.000 | 250.000 | 250.000 |
| | **450.000** | **450.000** | **450.000** |
| **Issued, subscribed and paid-up** | | | |
| Equity shares of ` 10 each | 200.000 | 200.000 | 200.000 |
| | **200.000** | **200.000** | **200.000** |

10% Cumulative, Redeemable, Optionally Convertible Preference shares of ` 10 each have been issued and are classified as financial liability (see Note 13).

### A. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

(Rs in Millions)

| | 31 March 2017 | | 31 March 2016 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| At the commencement of the year | 20.000 | 200.000 | 20.000 | 200.000 |
| Shares issued for cash | - | - | - | - |
| **At the end of the year** | **20.000** | **200.000** | **20.000** | **200.000** |

### B. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/its share of the paid-up equity share capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture.

On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

### C. Shareholders holding more than 5% of equity share capital

(Rs in Millions)

| | 31 March 2017 | | 31 March 2016 | |
|---|---|---|---|---|
| | Number | % Holding | Number | % Holding |
| Ramky Infrastructure Limited | 14.800 | 74% | 14.800 | 74% |
| Elsamex S.A. | 5.200 | 26% | 5.200 | 26% |
| | **20.000** | **100%** | **20.000** | **100%** |

### D. Details of shareholding by Holding Company

| | 31 March 2017 | | 31 March 2016 | |
|---|---|---|---|---|
| | Number | % Holding | Number | % Holding |
| Ramky Infrastructure Limited | | | | |
| - Equity shares | 14.800 | 74% | 14.800 | 74% |

## 12. Other equity

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| ***Surplus in the statement of profit and loss*** | | | |
| Balance at the beginning of the year | 200.798 | 236.732 | 248.527 |
| Add: (Loss)/ Profit for the year | (40.883) | (35.935) | (11.794) |
| Add: Transfer from reserves | 15.375 | - | - |
| Balance at the end of the year | 175.289 | 200.798 | 236.732 |
| ***Equity component of compound financial instruments*** | | | |
| Balance at the beginning of the year | 30.406 | 30.406 | 30.406 |
| Additions during the year | - | - | - |
| Balance at the end of the year | 30.406 | 30.406 | 30.406 |
| | **205.695** | **231.203** | **267.138** |

**13. Non-current borrowings**

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| *Secured* | | | |
| Term Loans | | | |
| - From banks | 824.716 | 1,007.356 | 1,077.113 |
| - From others | 365.127 | 542.257 | 683.971 |
| *Unsecured* | - | - | - |
| Loan from related party | 300.756 | 371.517 | 295.992 |
| 10% Cumulative, Redeemable, Optional, Convertible Preference Shares of `10/- each | 217.733 | 215.284 | 213.113 |
| | 1,708.332 | 2,136.415 | 2,270.189 |

**A. Security:**

Term loans from banks are secured by :

a) The above loans are secured by First charge on pari- passu basis on all the movable, immovable , tangible and intangible assets of the Company, letter of credit issued by the HUDA, all the revenues and receivables, charge on the escrow cum trust and retention account.

b) Pledge of 14.8 Millions and 5.2 Millions equity shares of the company held by Ramky Infrastructure Limited and Elsamex S.A. respectively and pledge of 2.95 Millions Cumulative, Redeemable, Optional, Convertible Preference shares of the Company held by Ramky Infrastructure Limited.

**B. Repayment schedule**

The following are the repayment conditions for the above loans:

| | IDBI | IIFCL | ICICI |
|---|---|---|---|
| No.of installments | 42 | 32 | 19 |
| Period | Quarterly | Quarterly | Half yearly |
| Start date | Jan, 2011 | June, 2012 | Aug, 2012 |
| End date | April, 2021 | March, 2020 | Feb, 2022 |
| Interest rate p.a. | 12.75% | 11.65% | 12.05% |

**C. Terms and conditions attached to 10% Cumulative, Redeemable, Optional, Convertible Preference Shares**

The Company issued 19 Millions (September-2008) and 6 Millions (March-2009) 10% Cumulative, Redeemable, Optionally Convertible Preference Shares of `10 each at par. These shares are redeemable either at the end of 15 years unless and otherwise converted into equity shares anytime before redemption. The holder of the preference shares has an option to convert these shares into equity at any time during the tenure of the preference shares at a price and terms mutually agreed between the parties.

The preference shares issued are analysed as a compound financial instrument and are separated into a liability and an equity component. The fair value of the liability component is initially measured at amortised cost determined using a market rate for an equivalent non-convertible instrument. The residual amount is recognised in equity. The finance cost arising on the liability component is included in finance cost in the Statement of Profit and Loss. The carrying amount of the conversion option as reflected in the equity is not re-measured in subsequent periods

**14. Other non-current financial liabilities**

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Security deposits | 26.386 | 26.386 | 26.386 |
| | 26.386 | 26.386 | 26.386 |

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## 15. Provisions

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Other provisions | | | |
| - Provision for major maintenance | - | 15.375 | 15.375 |
| | - | 15.375 | 15.375 |

**Movement in provision for major maintenance**

(Rs in Millions)

| | | 31 March 2017 | 31 March 2016 |
|---|---|---|---|
| Balance as at 1 April | - | 15.375 | 15.375 |
| Provision reversed during the year | - | (15.375) | - |
| Balance as at 31 March | - | - | 15.375 |

## 16. Deferred tax liabilities, net

### A. Movement in temporary differences

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| *Deferred tax assets* | | | |
| MAT Credit Entitlement | 12.481 | 12.481 | 3.775 |
| | 12.481 | 12.481 | 3.775 |
| *Deferred tax liabilities* | | | |
| Receivables under SCA and others | 110.277 | 120.743 | 142.747 |
| | 110.277 | 120.743 | 142.747 |
| | 97.796 | 108.262 | 138.972 |

### B. Reconciliation of effective tax rate

(Rs in Millions)

| | 31 March 2017 | | 31 March 2016 | |
|---|---|---|---|---|
| Profit before tax | | (51.349) | | (57.939) |
| Tax using the Company's domestic tax rate | 32.445% | (16.660) | 32.445% | (18.798) |
| Effect of: | | | | |
| Non-deductible expenses | -12.062% | 6.193 | 106.76% | (61.856) |
| Tax exempt income | 0.000% | - | 0.000% | - |
| MAT paid for the year | 0.000% | - | -16.955% | 8.706 |
| Previous year losses set off | 0.000% | - | -97.265% | 49.944 |
| Recognition of previously unrecognised tax losses | 0.000% | - | 0.000% | - |
| Effective tax rate | 20.38% | (10.467) | 24.98% | (22.004) |

## 17. Current borrowings

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| *Unsecured* | | | |
| Loan from related party | 29.787 | 26.673 | - |
| | 29.787 | 26.673 | - |

## 18. Trade payables

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Creditors for operations and maintenance expense | 65.551 | 27.557 | 23.658 |
| Creditors for construction work | 33.725 | 33.725 | 15.518 |
| Creditors for expenses | 8.597 | 6.494 | 4.917 |
| | 107.873 | 67.776 | 44.094 |

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## 19. Other current financial liabilities

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Current maturities of long-term debts: | | | |
| - Term loans | 359.771 | 211.471 | 306.082 |
| Loan outstanding for repayment | 43.479 | 126.752 | 33.177 |
| Interest accrued and due on borrowings | 52.025 | 72.892 | 0.460 |
| Interest accrued but not due on borrowings | 114.070 | 73.506 | 35.304 |
| Sundry creditors - Capital goods | 0.375 | 0.375 | 0.375 |
| | 569.720 | 484.996 | 375.398 |

## 20. Current provisions

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Provision for income tax | - | 8.706 | 2.388 |
| Provision for major maintenance | 63.150 | - | - |
| | 63.150 | 8.706 | 2.388 |

## 21. Other current liabilities

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Statutory dues | 5.606 | 2.748 | 4.012 |
| | 5.606 | 2.748 | 4.012 |

## 22. Revenue from operations

(Rs in Millions)

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Construction income | 70.413 | 20.715 |
| Operating income | 5.574 | 21.278 |
| | **75.987** | **41.993** |

## 23. Other income

(Rs in Millions)

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Interest income | 1.931 | 0.194 |
| Interest under SCA | 269.505 | 256.123 |
| Insurance claim | 0.563 | 1.028 |
| Liability no longer required, written back | - | 0.059 |
| | **272.000** | **257.403** |

## 24. Employee benefits expense

(Rs in Millions)

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Staff welfare expenses | - | 0.001 |
| | - | **0.001** |

## 25. Finance costs

(Rs in Millions)

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Interest expense | 279.067 | 318.550 |
| Other borrowing costs | 0.001 | 0.007 |
| | **279.068** | **318.557** |

## 26. Other expenses

(Rs in Millions)

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Operations and maintenance expenditure | 49.147 | 12.834 |
| Professional consultancy charges | 0.445 | 0.670 |
| Client recoveries | 1.984 | 1.317 |
| Insurance | 1.415 | 1.181 |
| Rates and taxes | 0.000 | 0.082 |
| Auditor fee (Refer (i) below) | 0.173 | 0.172 |
| Travelling and conveyance | 0.012 | 0.001 |
| Electricity charges | 3.752 | 3.753 |
| | **56.928** | **20.009** |

### (i) Payments to auditors

(Rs in Millions)

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **As Auditor** | | |
| - Statutory audit | 0.173 | 0.172 |
| | **0.173** | **0.172** |

## 27 Current tax

(Rs in Millions)

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **Current Tax (MAT)** | - | 8.706 |
| Less: MAT Credit Entitlement | - | (8.706) |
| | - | - |

## 28 Capital management

The Company's policy is to maintain a strong capital base so as to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and for the future development of the Company. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return on capital to shareholders or issue of new shares.

The Company's adjusted net debt to equity ratio at 31 March 2017 was as follows:

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Total liabilities | 2,608.650 | 2,877.337 | 2,876.814 |
| Less: cash and cash equivalents | (1.730) | (1.323) | (23.382) |
| **Adjusted net debt** | **2,606.920** | **2,876.014** | **2,853.432** |
| Total equity | 405.695 | 431.204 | 467.138 |
| **Adjusted equity** | 405.695 | 431.204 | 467.138 |
| | | | |
| **Adjusted net debt to adjusted equity ratio** | 6.426 | 6.670 | 6.108 |

## 29. Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group

- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| i. Profit (loss) attributable to equity shareholders(basic) | (40.88) | (35.93) |
| ii. Weighted average number of equity shares (basic) | 20.00 | 20.00 |
| **Basic EPS** | **(2.04)** | **(1.80)** |
| i. Profit (loss) attributable to equity shareholders(diluted) | (40.88) | (35.93) |
| ii. Weighted average number of equity shares (diluted)* | 45.00 | 45.00 |
| **Diluted EPS** | **(0.91)** | **(0.80)** |
| Anti- Dilutive impact* | (1.14) | (1.00) |
| **Diluted EPS** | **(2.04)** | **(1.80)** |

*25 Millions 10% Cumulative, Redeemable, Optionally Convertible Preference shares of ` 10 each, can potentially dilute the basic share in future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the period presented.

*Since the earnings/(loss) per share computation based on diluted weighted average number of shares is anti-dilutive, the basic and earnings/(loss) per share is same

## 30 Financial instruments - Fair values and risk management

### A. Accounting classifications and fair values

The carrying amounts of financial assets and liabilities recognized in the financial statements approximate their fair values and hence no further details about the fair value measurements including their levels in the fair value heirarchy is not given. No assets and liabilities are measured at fair value.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities:

31 March 2017

(Rs in Millions)

| | Carrying amount | | |
|---|---|---|---|
| | Other financial assets -amortised cost | Other financial liabilities - amortised cost | Total carrying amount |
| **Financial assets not measured at fair value** | | | |
| Receivables from grantor under SCA | 2,968.747 | - | 2,968.747 |
| Security deposits | 0.521 | - | 0.521 |
| Cash and cash equivalents | 1.730 | - | 1.730 |
| | **2,971.998** | - | **2,971.998** |
| **Financial liabilities not measured at fair value** | | | |
| Secured bank loans | - | 824.716 | 824.716 |
| Secured loans from others | - | 364.127 | 364.127 |
| Loans from related parties | - | 300.756 | 300.756 |
| Optionally convertible preference shares | - | 217.733 | 217.733 |
| Security deposits | - | 26.386 | 26.386 |
| Trade payables | - | 107.873 | 107.873 |
| Other financial liabilities | - | 569.720 | 569.720 |
| | - | **2,411.311** | **2,411.311** |

30 Financial instruments - Fair values and risk management (continued)

A. Accounting classifications and fair values

31 March 2016 (Rs in Millions)

| | Carrying amount | | |
|---|---|---|---|
| | Other financial assets -amortised cost | Other financial liabilities - amortised cost | Total carrying amount |
| **Financial assets not measured at fair value** | | | |
| Receivables from grantor under SCA | 3,253.254 | - | 3,253.254 |
| Security deposits | 0.521 | - | 0.521 |
| Cash and cash equivalents | 1.323 | - | 1.323 |
| | **3,255.098** | **-** | **3,255.098** |
| **Financial liabilities not measured at fair value** | | | |
| Secured bank loans | - | 1,007.356 | 1,007.356 |
| Secured loans from others | - | 542.257 | 542.257 |
| Loans from related parties | - | 398.190 | 398.190 |
| Optionally convertible preference shares | | 215.284 | 215.284 |
| Trade payables | - | 67.776 | 67.776 |
| Security deposits | - | 26.386 | 26.386 |
| Other financial liabilities | - | 484.996 | 484.996 |
| | **-** | **2,742.246** | **2,742.246** |

1 April 2015 (Rs in Millions)

| | Carrying amount | | |
|---|---|---|---|
| | Other financial assets -amortised cost | Other financial liabilities - amortised cost | Total carrying amount |
| **Financial assets not measured at fair value** | | | |
| Receivables from grantor under SCA | 3,270.138 | - | 3,270.138 |
| Security deposits | 0.521 | - | 0.521 |
| Cash and cash equivalents | 23.382 | - | 23.382 |
| | **3,294.041** | **-** | **3,294.041** |
| **Financial liabilities not measured at fair value** | | | |
| Secured bank loans | - | 1,077.113 | 1,077.113 |
| Secured loans from others | - | 683.971 | 683.971 |
| Loans from related parties | - | 295.992 | 295.992 |
| Optionally convertible preference shares | - | 213.113 | 213.113 |
| Security deposits | - | 26.386 | 26.386 |
| Trade payables | - | 44.094 | 44.094 |
| Other financial liabilities | - | 375.398 | 375.398 |
| | **-** | **2,716.066** | **2,716.066** |

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

a) credit risk

b) liquidity risk

c) market risk

*i) Risk management framework*

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

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**Financial instruments - Fair values and risk management**
**Financial risk management**

***ii) Credit risk***

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers; loans and investments in debt securities

The carrying amounts of financial assets represent the maximum credit risk exposure.

*Trade receivables and loans*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

*Cash and cash equivalents*

The Company holds cash and cash equivalents of INR 2 Millions at 31 March 2017 (31 March 2016: INR 1 Millions ; 1 April 2015: INR 23 Millions). The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

***iii) Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

-

*Exposure to liquidity risk*

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements

**31 March 2017**

(Rs in Millions)

| | | Contractual Cashflows | | | | | |
|---|---|---|---|---|---|---|---|
| | Carrying Amount | Total | 6 months or less | 6-12 months | 1-2 Years | 2-5 Years | More than 5 years |
| **Non-derivative financial liabilities** | | | | | | | |
| Secured bank loans | 824.716 | 824.716 | 92.558 | 103.808 | 184.059 | 444.291 | - |
| Loans from related parties | 300.756 | 300.756 | - | - | - | - | 300.756 |
| Optionally convertible preference shares | 217.733 | 217.733 | - | - | - | - | 217.733 |
| Security deposits | 26.386 | 26.386 | 26.386 | - | - | - | - |
| Trade payables | 107.873 | 107.873 | 107.873 | - | - | - | - |
| Other financial liabilities | 569.720 | 569.720 | 569.720 | - | - | - | - |
| | **2,047.184** | **2,047.184** | **796.537** | **103.808** | **184.059** | **444.291** | **518.489** |

31 March 2016

(Rs in Millions)

| | | Contractual Cashflows | | | | | |
|---|---|---|---|---|---|---|---|
| | Carrying Amount | Total | 6 months or less | 6-12 months | 1-2 Years | 2-5 Years | More than 5 years |
| **Non-derivative financial liabilities** | | | | | | | |
| Secured bank loans | 1,007.356 | 1,007.356 | 27.500 | 43.381 | 183.866 | 403.459 | 349.150 |
| Loans from related parties | 398.190 | 398.190 | - | - | - | - | 398.190 |
| Optionally convertible preference shares | 215.284 | 215.284 | - | - | - | - | 215.284 |
| Security deposits | 67.776 | 67.776 | 67.776 | - | - | - | - |
| Trade payables | 26.386 | 26.386 | 26.386 | - | - | - | - |
| Other financial liabilities | 484.996 | 484.996 | 484.996 | - | - | - | - |
| | **2,199.989** | 2,199.989 | 606.658 | 43.381 | 183.866 | 403.459 | 962.625 |

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1 April 2015

(Rs in Millions)

| | Carrying Amount | Contractual Cashflows | | | | | |
|---|---|---|---|---|---|---|---|
| | | Total | 6 months or less | 6-12 months | 1-2 Years | 2-5 Years | More than 5 years |
| **Non-derivative financial liabilities** | | | | | | | |
| Secured bank loans | 1,077.113 | 1,077.113 | 69.425 | 83.175 | 70.881 | 613.888 | 239.745 |
| Loans from related parties | 295.992 | 295.992 | - | - | - | - | 295.992 |
| Optionally convertible preference shares | 213.113 | 213.113 | - | - | - | - | 213.113 |
| Security deposits | 26.386 | 26.386 | 26.386 | - | - | - | - |
| Trade payables | 44.094 | 44.094 | 44.094 | - | - | - | - |
| Other financial liabilities | 375.398 | 375.398 | 375.398 | - | - | - | - |
| | 2,032.095 | 2,032.095 | 515.302 | 83.175 | 70.881 | 613.888 | 748.849 |

*iv) Market risk*

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value holdings of financial instruments.The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Interest rate risk*

The Company adopts a policy of ensuring that between 80 and 90% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate instruments.

*Exposure to interest rate risk*

The interest rate profile of the Company's interest-bearing financial instruments as reported to management is as follows:

(Rs in Millions)

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Fixed rate instruments** | | | |
| Financial assets | - | - | - |
| Financial liabilities | 1,490.599 | 1,921.130 | 2,057.076 |

*Fair value sensitivity analysis for fixed-rate instruments*

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased or decreased profit or loss by INR 21 Millions (2015-16: INR 22 Millions). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

A change of 100 basis points in interest rates would have increased or decreased equity by INR 21 Millions after tax (2015-16: INR 22 Millions). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant

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**31 Related parties**

**A. List of related parties and nature of relationship**

| S. No. | Name of the related party | Nature of relationship |
|---|---|---|
| 1 | Ramky Infrastructure Limited | Holding Company |
| 2 | Elsamex SA | Enterprise where KMP have significant influence |
| 3 | Ramky Elsamex JV | Enterprise where KMP have significant influence |
| 4 | Elsamex India Private Limited | Enterprise where KMP have significant influence |
| 5 | Tamilnadu Waste Management Limited | Enterprise where KMP have significant influence |
| 6 | Mumbai Waste Management Limited | Enterprise where KMP have significant influence |
| 7 | Chennai MSW Private Limited | Enterprise where KMP have significant influence |

**B. Transactions with related parties during the year ended**

(Rs in Millions)

| S. No. | Name of the related party | Nature of transactions | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| 1 | Ramky Infrastructure Limited | Unsecured loan taken | 34.239 | 110.571 |
| | | Unsecured loan repaid | 105.000 | 35.046 |
| | | Operation and maintenance expenses | 49.087 | 12.748 |
| | | Interest expenses | 45.071 | 42.447 |
| | | Construction expenses | - | 18.578 |
| | | | - | - |
| 2 | Mumbai Waste Management Limited | Unsecured loan taken- | - | 25.000 |
| | | Interest expenses | 3.375 | 1.162 |
| | | | - | - |
| 3 | Chennai MSW Private Limited | Unsecured loan taken and repaid | - | 35.000 |
| | | Interest expense | 0.085 | 0.697 |

**C. Balances outstanding**

(Rs in Millions)

| S. No. | Name of the related party | Nature of transactions | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| 1 | Ramky Infrastructure Limited | Equity share capital | 148.000 | 148.000 |
| | | Preference share capital | 250.000 | 250.000 |
| | | Creditors for O&M expenses | 46.782 | 8.788 |
| | | Creditors for construction | 18.207 | 18.207 |
| | | Unsecured loan | 300.756 | 371.517 |
| | | Interest payable | 114.070 | 73.506 |
| | | | - | - |
| 2 | Ramky Elsamex JV | Security deposit received | 26.386 | 26.386 |
| | | | - | - |
| 3 | Elsamex S.A | Equity share capital | 52.000 | 52.000 |
| | | Trade payables | 15.518 | 15.518 |
| | | | - | - |
| 4 | Elsamex India Private Limited | Creditors for O&M expenses | 18.769 | 18.769 |
| | | | - | - |
| 5 | Tamilnadu Waste Management Limited | Creditors for capital goods | 0.375 | 0.375 |
| | | | - | - |
| 6 | Mumbai Waste Management Limited | Unsecured loan | 29.083 | 26.046 |
| | | | - | - |
| 7 | Chennai MSW Private Limited | Unsecured loan | 0.704 | 0.627 |

**32. Service concession arrangement**

The Company has entered into a service concession arrangement with Hyderabad Metropolitan Development Authority (HMDA) for design, construction, development, finance, operation and maintenance of eight lane access controlled expressway under Phase-IIA programme as an extension of Phase-I of ORR to Hyderabad City, in the state of Andhra Pradesh, for the package from Tukkuguda to Shamshabad from Km 121.00 to Km 133.63 on Build, Operate and Transfer (BOT) (Annuity) Basis for a period of fifteen (15) years from commencement date i.e. 27 November 2007 including construction period of two years and six months. The construction activities were completed on 26 November 2009. The SCA does not provide for any renewal of this arrangement

The Company has received cash support by way of grant for a sum of INR 665 Millions (20% of the total project cost). The Company has right to receive an annuity payment of INR 315 Millions on half yearly basis from the grantor. Accordingly, the Company has recognised a financial asset.The Company is also entitled to receive bonus for early completion of the project or incur reduction in annuity for delayed completion of the project, as the case may be. At the end of the concession period the toll road will become the property of the grantor and the Company will have no further involvement in its operation or maintenance.

During the year, the Company has recorded revenue of INR 76 Millions as operational income, recognised a financial asset of INR 2,652 Millions and a bonus receivable of INR 315 Millions

The revenue recognised in relation to construction represents the fair value of the construction services provided in constructing the toll road.

**33. Disclosure on specified bank notes (SBNs):**

The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification defined in the MCA notification G.S.R. 308(E) dated 30th March, 2017 are given below:

| Particulars | SBNs | Other demonetisation notes | Total |
|---|---|---|---|
| Closing cash in hand as on 8 November 2016 | - | - | - |
| Add : Permitted receipts | - | - | - |
| Less : Permitted payments | - | - | - |
| Less : Amount deposited in banks | - | - | - |
| **Closing cash in hand as on 30 December 2016** | - | - | - |

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016."

**34.** As the Company is not in the possession of information regarding dues to the Micro, Small and Medium Enterprises, the same has not been furnished herewith.

**35** The Company had executed the Project for Hyderabad Metropolitan Development Authority (HMDA). As at 31st March 2017, the trade receivables includes the following amounts from HMDA towards various retentions:

(Rs in Millions)

| Particulars | Amount in Rs. |
|---|---|
| 1. Bonus Annuity | 315.000 |
| 2. Retention in Grant | 13.300 |
| 3. Retention in First annuity | 197.750 |
| 4. Retention in Fourth annuity | 161.627 |
| 5. Retention in Eighth annuity | 29.603 |

During the year 2013-14 the Company had sent Arbitration Notice to HMDA for recovery of the receivables. During the year both the company and HMDA appointed Arbitrators and now the matter is pending before the Arbitral Tribunal. The Company is in the opinion that the retention is an adhoc retention and it is therefore recoverable.

**36 Explanation of transition to Ind AS**

As stated in Note 2A, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

**Optional exemptions availed and mandatory exceptions**

In preparing these standalone financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1 Property plant and equipment, capital work-in-progress and intangible assets

As per Ind AS 101 an entity may elect to:

i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to

- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment.

2 Financial assets accounted for in accordance with Appendix C, Service Concession Arrangements to Ind AS 11

As per Ind AS 101 an entity may elect to:

i) Subject to paragraph (ii), changes in accounting policies are accounted for in accordance with Ind AS 8, i.e. retrospectively.

ii) If, for any particular service arrangement, it is impracticable for an operator to apply this Appendix retrospectively at the date of transition to Ind AS, it shall

a) recognise financial assets that existed at the date of transition to Ind AS;

b) use the previous carrying amounts of those financial assets (however previously classified) as their carrying amounts as at that date; and

c) test financial assets recognised at that date for impairment, unless this is not practicable, in which case the amounts shall be tested for impairment as at the start of the current period

As permitted by Ind AS 101, the Company has elected to apply Appendix C to Ind AS 11 retrospectively at the date of transition to Ind AS.

B. Mandatory exceptions

1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the previous GAAP are listed below:

a) Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.

b) Determination of the discounted value for financial instruments carried at amortised cost.

2 Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 prospectively as reliable information was not available at the time of initially accounting for these transactions.

3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

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C. Reconciliation of equity

(Rs in Millions) (Rs in Millions)

| | Note | As at date of transition 1 April 2015 | | | As at 31 March 2016 | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP | Adjustment on transition to Ind AS | Ind AS | Previous GAAP | Adjustment on transition to Ind AS | Ind AS |
| **Assets** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | a | 1,941.033 | (1,939.960) | 1.073 | 1,705.941 | (1,705.058) | 0.883 |
| Financial assets | | - | - | | - | - | |
| Loans | b | 4.296 | (4.296) | - | 13.002 | (13.002) | - |
| Other financial assets | a | - | 2,323.745 | 2,323.745 | - | 2,306.861 | 2,306.861 |
| Non-current tax assets | | - | 47.749 | 47.749 | - | 51.699 | 51.690 |
| **Total non-current assets** | | 1,945.329 | 427.238 | 2,372.567 | 1,718.943 | 640.500 | 2,359.443 |
| **Current assets** | | | | | | | |
| Inventories | | 0.270 | - | 0.270 | 0.270 | - | 0.270 |
| Financial assets | | - | - | | - | - | |
| Trade receivables | a | 606.522 | (606.522) | - | 921.522 | (921.522) | - |
| Cash and cash equivalents | | 23.382 | - | 23.382 | 1.323 | - | 1.323 |
| Loans | b | 1.995 | (1.995) | - | 1.984 | (1.984) | - |
| Other financial assets | a | - | 947.102 | 947.102 | - | 946.914 | 946.914 |
| Other current assets | a,b | 376.787 | (376.157) | 0.630 | 380.520 | (379.930) | 0.590 |
| **Total current assets** | | 1,008.956 | (37.572) | 971.384 | 1,305.619 | (356.522) | 949.097 |
| **Total assets** | | 2,954.285 | 389.666 | 3,343.951 | 3,024.562 | 283.979 | 3,308.540 |
| **Equity and liabilities** | | | | | | | |
| **Equity** | | | | | | | |
| Equity share capital | c | 450.000 | (250.000) | 200.000 | 450.000 | (250.000) | 200.000 |
| Other equity | | - | - | | - | - | |
| Retained earnings | g | (31.155) | 267.887 | 236.732 | 11.546 | 189.252 | 200.798 |
| Equity component of compound financial instruments | c | - | 30.406 | 30.406 | - | 30.406 | 30.406 |
| Others | d | 15.375 | (15.375) | - | 15.375 | (15.375) | - |
| **Total equity** | | 434.220 | 32.918 | 467.138 | 476.920 | (45.717) | 431.204 |
| **Liabilities** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| Borrowings | e | 2,066.302 | 203.887 | 2,270.189 | 1,928.791 | 207.624 | 2,136.415 |
| Other financial liabilities | b | - | 26.386 | 26.386 | - | 26.386 | 26.386 |
| Provisions | d | - | 15.375 | 15.375 | - | 15.375 | 15.375 |
| Deferred tax liabilities, net | f | - | 138.972 | 138.972 | - | 108.262 | 108.262 |
| Other non-current liabilities | b | 26.386 | (26.386) | - | 26.386 | (26.386) | - |
| **Total non-current liabilities** | | 2,092.687 | 358.234 | 2,450.921 | 1,955.177 | 331.261 | 2,286.438 |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| Borrowings | e | - | - | - | 26.673 | - | 26.673 |
| Trade payables | b | 39.176 | 4.917 | 44.094 | 61.282 | 6.494 | 67.776 |
| Other financial liabilities | b | - | 375.398 | 375.398 | - | 484.996 | 484.996 |
| Provisions | | 2.388 | - | 2.388 | 8.706 | - | 8.706 |
| Other current liabilities | b | 385.813 | (381.801) | 4.012 | 495.804 | (493.055) | 2.748 |
| **Total current liabilities** | | 427.378 | (1.486) | 425.892 | 592.965 | (1.565) | 590.899 |
| **Total liabilities** | | 2,520.065 | 356.748 | 2,876.813 | 2,548.142 | 329.695 | 2,877.337 |
| **Total equity and liabilities** | | 2,954.285 | 389.666 | 3,343.951 | 3,024.562 | 283.979 | 3,308.540 |

D. Reconciliation of total comprehensive income for the year ended 31 March 2016

(Rs in Millions)

| | Note | For the year ended 31 March 2016 | | |
|---|---|---|---|---|
| | | Previous GAAP | Adjustment on transition to Ind AS | Ind AS |
| **Revenue** | | | | |
| Revenue from operations | a | 630.000 | (588.007) | 41.993 |
| Other income | | 1.280 | 256.123 | 257.403 |
| **Total income** | | **631.280** | **(331.884)** | **299.396** |
| | | | | |
| **Expenses** | | | | |
| Cost of construction | a | - | 18.578 | 18.578 |
| Employee benefits expense | | 0.001 | - | 0.001 |
| Finance costs | c, e | 314.900 | 3.657 | 318.557 |
| Depreciation and amortization expense | a | 253.670 | (253.481) | 0.190 |
| Other expenses | | 20.009 | - | 20.009 |
| **Total expenses** | | **588.580** | **(231.245)** | **357.335** |
| | | | | |
| **Profit before income tax** | | **42.700** | **(100.639)** | **(57.939)** |
| Current tax | | - | - | - |
| Deferred tax | | - | (22.004) | (22.004) |
| Income tax expense | | - | (22.004) | (22.004) |
| | | | | |
| **Profit for the year** | | **42.700** | **(78.635)** | **(35.935)** |
| | | | | |
| **Other comprehensive income for the year, net of income tax** | | - | - | - |
| | | | | |
| **Total comprehensive income for the year** | | **42.700** | **(78.635)** | **(35.935)** |

E. Notes to the reconciliations

a. Accounting for service concession arrangements

Under Ind AS, specific guidance is applicable for accounting by private sector operators involved in provision of public sector infrastructure assets and services. Under previous GAAP, there was no authoritative guidance for accounting for such arrangements. The ICAI had issued an exposure draft of Guidance Note on Accounting for Service Concession Arrangements, which is similar to Ind AS. However, the Company had not adopted the same under previous GAAP.

b. Re-classification of financial assets and liabilities

Under Ind AS, all financial assets and liabilities are to be disclosed seperately on the face of the Balance Sheet. Under previous GAAP, there was no such requirement. Thus, all the assets and liabilities meeting the recognition criteria of financial asset or liability as per Ind AS 32 and 109 have been re-classified and shown seperately on the face of the Balance Sheet.

c. Accounting for preference shares

Under Ind AS, the preference shares issued by the Company are financial liabilities to be initially recognised at fair value and subsequently carried at ammortised cost using the effective interest rate method. Under previous GAAP, the preference shares formed a part of the shareholder's funds.

Based on the recognition and measurement guidance under Ind AS, the Company has recognised the difference between the fair value and the face value of the preferene shares in other equity and is recognising interest on the liability component.

**E. Notes to the reconciliations (continued)**

**d. Provision for major maintenance**

Under Ind AS, the provision for major maintenance is to be recognised as a provision. Under previous GAAP, the same was recognised as part of reserves.

**e. Borrowings at amortised cost**

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method. The impact arising from the change is summarised as follows:

**f Income-tax**

Under previous GAAP, deferred taxes are computed for timing differences between accounting income and taxable income for the year i.e. using the 'Income Statement Approach'. Under Ind AS, deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its Tax Base. This is referred to as the 'Balance Sheet Approach'. Based on this approach, additional deferred taxes have to be recognised by the Company on all Ind AS adjustments as the same would create temporary differences between the books and tax accounts.

**g Retained earnings**

The above changes (decreased) increased retained earnings as follows:

(Rs in Millions)

| | Note | 1 April 2015 | 31 March 2016 |
|---|---|---|---|
| Financial asset under SCA | a | 214.003 | 131.657 |
| Preference shares carried at amortised cost | c | (8.121) | (10.293) |
| Other borrowings at amortised cost | e | 10.711 | 9.225 |
| Tax effect of above adjustments | f | 51.294 | 58.663 |
| **Increase in total retained earnings** | | **267.887** | **190.252** |

**For Visweswara Rao & Associates**
Chartered Accountants
Firm Registration No. 005774S

VISWESWARA RAO & ASSOCIATES
HYDERABAD
CHARTERED ACCOUNTANTS

**Mahidhar S.G.**
Partner
Membership Number : 216463
Place : Hyderabad
Date : 28.06.2017

**For and on behalf of the Board**
Ramky Elsamex Hyderabad Ring Road Limited

Ramky Elsamex Hyderabad Ring Road Limited
Hyderabad

**Y.R. Nagaraja**
Director
DIN: 00009810

**D. Himavardhan Reddy**
Director
DIN: 07233271

**Ankush Lahoti**
Company Secretary

**D. Krishna Reddy**
Chief Financial Officer