

**HAZARIBAGH RANCHI EXPRESSWAY  
LIMITED**

**ANNUAL REPORT**

**2018-19**

# Hazaribagh Ranchi Expressway Limited

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

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## NOTICE OF THE 10<sup>TH</sup> (TENTH) ANNUAL GENERAL MEETING

Notice is hereby given that the 10<sup>th</sup> (tenth) Annual General Meeting of the Members of Hazaribagh Ranchi Expressway Limited will be held on Tuesday, June 30, 2020 at 10.30 a.m. through Video Conference Mode at the Registered Office of the Company at The IL&FS Financial Centre, Plot C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 which shall be deemed to be venue of the meeting to transact the following business:

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### **ORDINARY BUSINESS:**

- (1) To receive, consider and adopt the Audited Financial Statement containing the Balance Sheet as at March 31, 2019 and Statement of Profit & Loss Account, Cash Flow Statement, notes and schedules forming part of the Financial Statement for the year ended March 31, 2019 on that date together with the Report of the Directors and the Auditors thereon.

**“RESOLVED THAT** pursuant to section 134 of the Companies Act, 2013 and Rules framed thereunder, the Financial Statement containing the Balance Sheet as at March 31, 2019 and Statement of Profit & Loss, Cash Flow Statement, notes and schedules forming part of the Financial Statement for the Financial Year ended 31st March, 2019 together with the Directors’ Report and Auditors’ Report thereon be and are hereby received, considered and adopted.”

- (2) To appoint a Director in place of Mr. Vijay Kini (DIN: 06612768), who retires by rotation and being eligible offers himself for re-appointment :

**“RESOLVED THAT** Mr. Vijay Kini (DIN: 06612768), who retires by rotation, and being eligible, offers himself for re-appointment be and is hereby re-appointed as Director”

- (3) To appoint M/s K S Aiyar & Co. (Firm Registration No.: 100186W), Chartered Accountants, Statutory Auditors of the Company, for a period of five financial years (FY 2019-20 to FY 2023-24) and to authorise the Board of Directors to fix their remuneration and in this regard, to pass the following resolution as an ordinary resolution thereof:

**“RESOLVED THAT** pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s K S Aiyar & Co., Chartered Accountants, (Firm Registration No.: 100186W), be and are hereby appointed as the Statutory Auditors of the Company for a period of five financial years to hold office from the conclusion of the ensuing AGM till the conclusion of the AGM of the Company to be held for the Financial

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Year 2023-24 and the Board of Directors be and are hereby authorized to determine their remuneration.”

## **SPECIAL BUSINESS:**

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

(i) **“RESOLVED THAT** pursuant to the provisions of Sections 152, 161, 164 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force, and subject to the provisions of the Articles of Association of the Company, Mr. Parag Phanse (DIN: 08388809) who was appointed as Nominee (Additional Non-Executive) Director of the Company effective March 19, 2019 upto the date of the ensuing Annual General Meeting, be and is hereby appointed as Director of the Company liable to retire by rotation.”

(ii) **“RESOLVED THAT** pursuant to the provisions of Sections 152, 161, 164 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force, and subject to the provisions of the Articles of Association of the Company, Mr. Sachin Joshi (DIN: 08478253) who was appointed as Nominee (Additional Non-Executive) Director of the Company effective July 24, 2019 upto the date of the ensuing Annual General Meeting, be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications(s) or re-enactment(s) thereof, for time being in force), the remuneration payable to M/s. Chivilkar Solanki & Associates, Cost Accountants, Mumbai (Firm Registration No.: 000468) as Cost Auditors to conduct the audit of cost records of the Company for Financial Year 2019-20, as recommended by the Audit committee and approved by the Board of Directors of the Company, amounting to Rs. 85,000/- (Rupees Eighty Five Thousand) plus tax as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby approved.”

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

SD/-

**Vijay Kini**  
**Nominee Director**  
**DIN: 06612768**

Date: June 08, 2020  
Mumbai

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

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## **NOTES:**

- (1) In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed. In this regard, the Ministry of Corporate Affairs has allowed companies to conduct Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM) and issued Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020, prescribing the procedures and manner of conducting the Annual General Meeting.
- (2) In view of the aforementioned, the 10<sup>th</sup> AGM of the Members is being held through VC/OAVM. Members are requested to join and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the meeting through VC/OAVM is mentioned in Note No. 8.
- (3) Since, the AGM is being conducted through VC/OAVM, there is no provision for appointment of proxies. Accordingly, the facility for appointment of proxies by the members will not be available.
- (4) Corporate Members intending to authorize their representative to attend and vote at the meeting are requested to ensure that the certified true copy of the Board resolution, power of attorney or such other valid authorizations under Section 113 of the Companies Act, 2013, authorizing them to attend and vote at the meeting is provided by email at [itnl.secretarial@ilfsindia.com](mailto:itnl.secretarial@ilfsindia.com) prior to the commencement of the Meeting. In terms of the provisions of the Companies Act, 2013, the representatives of Corporate Members without proper authorization, such as Board resolution or power of attorney or such other valid authorization, may not be able to attend the meeting.
- (5) An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting is annexed hereto.
- (6) All the documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the Members and will be made available via electronic mode prior to the date of the AGM. Members may send their request for inspection by sending an email at [itnl.secretarial@ilfsindia.com](mailto:itnl.secretarial@ilfsindia.com) for providing the documents.
- (7) The relevant details as required under Secretarial Standard 2 (SS-2) for person seeking re-appointment as Director is also annexed.

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- (8) The details of the process and manner for participating in Annual General Meeting through Video conferencing are explained herein below:
- a) This Annual General Meeting shall be called through Video Conferencing mode. Members are requested to participate in the meeting as follows:
    - (i) Please connect to the site by clicking on the following link:  
<https://us02web.zoom.us/j/82747897663?pwd=bzVWcjN6M1FMUllYQzRWVEdCMXFDQT09>
    - (ii) Join the Meeting by inserting the details as follows:
      - (i) Meeting ID: 827 4789 7663
      - (ii) Password: 834126
  - b) Members can participate in AGM through smart phone/laptop, however, for better experience and smooth participation it is advisable to join the Meeting through Laptops connected through broadband.
  - c) Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  - d) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

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## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

### Item No. 2:

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

Sr. No.	Particulars																		
Name	Mr. Vijay Kini																		
Age/DOB	31/07/1967																		
Qualification	AICWAI, M.Com																		
Experience																			
Terms and Conditions of Appointment or Re-Appointment	-																		
Date of First appointment on the Board	21/01/2015																		
Shareholding in the Company	10																		
Relationship with other Directors, Manager and KMP	None																		
No. of Board meetings attended during the year	4																		
Other Directorships	<table><tr><td>1.</td><td>Jharkhand Road Projects Implementation Company Limited</td></tr><tr><td>2.</td><td>Jorabat Shillong Expressway Limited</td></tr><tr><td>3.</td><td>North Karnataka Expressway Limited</td></tr><tr><td>4.</td><td>M P Toll Roads Limited (Under Liquidation)</td></tr><tr><td>5.</td><td>GRICL Rail Bridge Development Company Limited</td></tr><tr><td>6.</td><td>Ranchi Muri Road Development Limited</td></tr><tr><td>7.</td><td>East Hyderabad Expressway Limited</td></tr><tr><td>8.</td><td>Pario Developers Private Limited</td></tr><tr><td>9.</td><td>Thiruvananthapuram Road Development Company Limited</td></tr></table>	1.	Jharkhand Road Projects Implementation Company Limited	2.	Jorabat Shillong Expressway Limited	3.	North Karnataka Expressway Limited	4.	M P Toll Roads Limited (Under Liquidation)	5.	GRICL Rail Bridge Development Company Limited	6.	Ranchi Muri Road Development Limited	7.	East Hyderabad Expressway Limited	8.	Pario Developers Private Limited	9.	Thiruvananthapuram Road Development Company Limited
1.	Jharkhand Road Projects Implementation Company Limited																		
2.	Jorabat Shillong Expressway Limited																		
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7.	East Hyderabad Expressway Limited																		
8.	Pario Developers Private Limited																		
9.	Thiruvananthapuram Road Development Company Limited																		
Membership/Chairmanship of the Committees of Board held in other company	<table><tr><td>1.</td><td>Jorabat Shillong Expressway Limited</td></tr><tr><td>(i)</td><td>Audit Committee</td></tr><tr><td>(ii)</td><td>Nomination &amp; Remuneration Committee</td></tr></table>	1.	Jorabat Shillong Expressway Limited	(i)	Audit Committee	(ii)	Nomination & Remuneration Committee												
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	<p>2. North Karnataka Expressway Limited (i) Audit Committee (ii) Nomination &amp; Remuneration Committee (iii) Corporate Social Responsibility Committee</p> <p>3. East Hyderabad Expressway Limited (i) Audit Committee (ii) Nomination &amp; Remuneration Committee</p> <p>4. Thiruvananthapuram Road Development Company Limited (i) Audit Committee (ii) Nomination &amp; Remuneration Committee (iii) Corporate Social Responsibility Committee</p> <p>5. Jharkhand Road Projects Implementation Company Limited (i) Audit Committee (ii) Nomination &amp; Remuneration Committee (iii) Committee of Directors</p>
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## **Item No. 4**

- (i) The Board of Directors of the Company has appointed Mr. Parag Phanse (DIN: 08388809) as a Nominee (Additional Non –Executive) Director representing IL&FS Transportation Networks Limited (ITNL), the holding Company with effect from March 19, 2019 pursuant to the provisions of Section 152, 161, 164 of the Companies Act, 2013. In terms of the provisions of Section 161 of the Act, Mr. Parag Phanse (DIN: 08388809) would hold office up to the date of the ensuing Annual General Meeting.

In terms of Section 160 and any other applicable provisions of the Companies Act, 2013 and read with rules under the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time



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being in force), he is proposed to be appointed as a Nominee Director of the Company with effect from the date of this Annual General Meeting.

The Board considers that Mr. Parag Phanse (DIN: 08388809) continued association would be of immense benefit to the Company and it is desirable to continue to avail services of his as a Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Parag Phanse (DIN: 08388809) as Nominee Director, for the approval by the Members of the Company.

Except Mr. Parag Phanse (DIN: 08388809) none of the Directors and the Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 4.

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

Sr. No.	Particulars
Name	Mr. Parag Phanse
DIN	08388809
Date of Birth	01/12/1972
Qualification	B.E.(Civil), M.E. (C.M.), DFM
Experience	
Date of first appointment in the Board	March 19, 2019
Shareholding in the Company	NIL
Relationship with other Directors, Manager and KMP	NIL
No. of Board Meetings attended during the year	1
Other Directorships	1. West Gujarat Expressway Limited
	2. Chhattisgarh Highways Development Company Limited
	3. Moradabad Bareilly Expressway Limited
	4. Vansh Nimay Infraprojects Limited
	5. Karyavattom Sports Facilities Limited
	6. Grusamar India Limited
	7. Ranchi Muri Road Development Company Limited
	8. Jharkhand Road Projects Implementation Company Limited
	9. Jharkhand Infrastructure Implementation

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	Company Limited
<b>Membership/ Chairmanship of the Committees of Board held in another Company</b>	<p>1. Chhattisgarh Highways Development Company Limited (i) Nomination &amp; Remuneration Committee</p> <p>2. Moradabad Bareilly Expressway Limited (i) Audit Committee (ii) Corporate Social Responsibility Committee</p> <p>3. Vansh Nimay Infraprojects Limited (i) Audit Committee ; (ii) Nomination &amp; Remuneration Committee; (iii) Corporate Social Responsibility Committee</p> <p>4. West Gujarat Expressway Limited: (i) Audit Committee (ii) Nomination &amp; Remuneration Committee</p>

- (ii) The Board of Directors of the Company has appointed Mr. Sachin Joshi (DIN: 08478253) as a Nominee (Additional Non –Executive) Director representing IL&FS Transportation Networks Limited (ITNL), the holding Company with effect from July 24, 2019 pursuant to the provisions of Section 152, 161, 164 of the Companies Act, 2013. In terms of the provisions of Section 161 of the Act, Mr. Sachin Joshi (DIN: 08478253) would hold office up to the date of the ensuing Annual General Meeting.

In terms of Section 160 and any other applicable provisions of the Companies Act, 2013 and read with rules under the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), he is proposed to be appointed as a Nominee Director of the Company with effect from the date of this Annual General Meeting.

The Board considers that Mr. Sachin Joshi (DIN: 08478253) continued association would be of immense benefit to the Company and it is desirable to continue to avail services of his as a Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Sachin Joshi (DIN: 08478253) as Nominee Director, for the approval by the Members of the Company.

Except Mr. Sachin Joshi (DIN: 08478253) none of the Directors and the Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 4.

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

Sr. No.	Particulars
<b>Name</b>	Sachin Joshi
<b>Age/DOB</b>	01/01/1978
<b>Qualification</b>	B.com, MBA
<b>Experience</b>	
<b>Terms and Conditions of Appointment or Re-Appointment</b>	Appointed as Nominee Director
<b>Date of First appointment on the Board</b>	24/07/2019
<b>Shareholding in the Company</b>	NIL
<b>Relationship with other Directors, Manager and KMP</b>	None
<b>No. of Board meetings attended during the year</b>	3
<b>Other Directorships</b>	1. ITNL Road Infrastructure Development Company Limited 2. Fagne Songadh Expressway Limited 3. Futureage Infrastructure India Limited 4. Jorabat Shillong Expressway Limited
<b>Membership in Committees</b>	

## Item No. 5

The Board of Directors on the recommendation of the Audit Committee, had approved the appointment of M/s. Chivilkar Solanki & Associates, Cost Accountants, to conduct the audit of the cost records of the Company for Financial Year (FY) 2019-20.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor for FY 2019-20 is required to be approved by the Members of the Company. Accordingly, the members are requested to approve the remuneration payable to the Cost Auditor for the financial year ending March 31, 2020, as set out at Item No. 5 of the Notice.

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None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the said Resolution. The Board of Directors recommend the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Members.

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

SD/-

**Vijay Kini**  
**Nominee Director**  
**DIN: 06612768**

Date: June 08, 2020  
Mumbai

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

**BOARD'S REPORT**

To,  
The Shareholders,  
Hazaribagh Ranchi Expressway Limited

Your Directors have pleasure in presenting the Tenth Annual Report along with the Audited Statements of Accounts for the year ended March 31, 2019.

**FINANCIAL HIGHLIGHTS:**

The financial highlights of the Company are as under:

(Rupees in Million)

<b>Particulars</b>	<b>For the Year ended March 31, 2019</b>	<b>For the Year ended March 31, 2018</b>
Total Income	919.45	720.10
Less: Total Expenditure	154.32	74.99
Less Modification Loss on financial assets	913.19	5.50
Less Provision for Impairment of Assets	1,067.30	-
Profit before finance charges, Tax, Depreciation/Amortization (PBITDA)	-1,215.36	639.61
Less : Finance Charges	438.64	861.91
Profit before Depreciation/Amortization (PBTDA)	-1,654.00	-222.30
Less : Depreciation	0.01	0.01
Net Profit before Taxation (PBT)	-1,654.01	-222.31
Provision for taxation	-	-
Profit/(Loss) after Taxation (PAT)	-1,654.01	-222.31
Provision for proposed dividend	-	-
Dividend tax	-	-

**DIVIDEND:**

Considering the amount of loss incurred during the financial year, the Company is unable to pay dividend to the equity shareholders. Accordingly, the Board does not recommend any dividend for the year ended March 31, 2019.

**RESERVES:**

The Company has not transferred any amount to the Reserves for the financial year ended March 31, 2019.

**STATE OF COMPANY'S AFFAIRS:**

There were no significant changes in the state of affairs of the Company during the financial year under review that are not otherwise disclosed in this report.

**OPERATIONS OF THE COMPANY:**

1. Your Company continued the operations and maintenance works of the four lane highway connecting Hazaribagh to Ranchi on NH-33 in Jharkhand of approx. 319 lane kms developed by the Company on a Design Build Finance Operate & Transfer (DBFOT) ("the Project") on annuity basis. The Concession Agreement was signed with the National Highways Authority of India ("the Authority") on October 8, 2009 for a period of 18 year including construction period of 2.5 years). The commercial operations commenced on September 15, 2012. During the year under review, the Company received annuity payment for the year 2018-19 of Rs. 119.70 Crores from the Authority and for the FY year 2019-20, the Company has received annuity payment of Rs 126.35 Crore.
2. The Company is part of the Infrastructure Leasing and Financial Services Limited ("IL&FS") group. The Board of Directors of IL&FS has been reconstituted pursuant to the orders passed by the National Company Law Tribunal, Mumbai Bench ("NCLT") in Company Petition No. 3638 of 2018 filed by the Union of India, acting through the Ministry of Corporate Affairs under Sections 242(1) and 242(2) of the Companies Act, 2013, as amended ("Companies Act") on the grounds of mismanagement of public funds by the erstwhile Board of IL&FS and the affairs of IL&FS being conducted in a manner prejudicial to the public interest.
3. Consequently, the Board of Directors of the immediate holding company, IL&FS Transportation Networks Limited (ITNL) has also undergone change with the appointment of nominees of the New Board of IL&FS and cessation of the nominees of the erstwhile Board of IL&FS.
4. Additionally, the Hon'ble National Company Law Appellate Tribunal (NCLAT) passed an Order on October 15, 2018 ("the Interim Order") pursuant to which it stayed various proceedings and actions against the Company and its Group Companies imposing moratorium on the creditors of IL&FS (Ultimate Parent Company) and its 348 group companies, which includes the Company. The Interim Order enabled value preservation of the IL&FS Group's assets and provides time to the New Board to evaluate, prepare and

implement a resolution plan for its group companies including the Company in an orderly manner, keeping in mind the interest of the various stakeholders.

5. Based on the interim order, the Company has stopped servicing its debts post October 15, 2018. The Company has also not accrued interest (including Penal Interest) and other charges effective October 16, 2018 to March 31, 2019. This also resulted in the downgrading of the credit rating of the Company by the rating agencies from IND BB(SO); (Placed on Rating Watch Evolving) & CARE BB(SO); Credit Watch with Negative Implications) to IND D & CARE D respectively. NCLAT vide its order dated March 12, 2020 has upheld its Interim Order of October 15, 2018 under which it has specified October 15, 2018 as the date of initiation of the Resolution Process for the IL&FS Group including the Company.
6. Further, NCLAT vide its order dated February 11, 2019 has also classified the Company under the "Red Category" based on a 12 month cash flow solvency test indicating that it is not able to meet all obligations (financial and operational) including the payment obligations to senior secured financial creditors. Accordingly, the Company is permitted to make only those payments necessary to maintain and preserve the going concern status.
7. Since then, the New Board of IL&FS had been working on a resolution plan which inter alia, involved sale of assets/businesses/companies owned by IL&FS Group. The framework and the strategies for effective capital management, thus, will be formulated post the implementation of the Resolution Plan. Presently, the Capital and Financial Management activities are restricted to make only those payments necessary to maintain and preserve the going concern status. NCLAT vide its order dated March 12, 2020 has upheld its Interim Order of October 15, 2018 under which it has specified October 15, 2018 as the date of initiation of the Resolution Process for the IL&FS Group including the Company.
8. During the current year, as per the resolution plan worked out by the IL&FS Board, a public Expression of Interest (EOI) was invited for divestment of entire stake of immediate holding company i.e. ITNL in the Company. However, the since price bid received from prospective investor was below the fair market valuation, it was not accepted by the IL&FS Board. The IL&FS Board is now evaluating the Infrastructure Investment Trust ("InvIT") structure to provide better valuation proposition to all the stakeholders of the Company. Pursuant to the aforesaid, the financials of the Company have been prepared on the basis of going concern assumption as the business operations of the Company will continue in foreseeable future.
9. The NCLT vide its order dated January 1, 2019, had allowed a petition filed by the Union of India, for re-opening of the books of accounts and re-casting the financial statements under the provisions of Section 130 of the Companies Act, 2013 for the financial years from 2012-13 to 2017-18, of IL&FS and its subsidiaries including ITNL, the immediate holding company. The said exercise is going on and not yet concluded. Pending completion of the exercise the Management is not able to determine any impact on the financial statements of the Company.

10. The Ministry of Corporate Affairs (MCA), Government of India, has vide its letter dated October 1, 2018 initiated investigation by Serious Fraud Investigation Office (SFIO) against IL&FS and its group companies under Section 212 (1) of the Companies Act, 2013. As a part of its investigation, SFIO has been seeking information from the Company on an on-going basis. The implications, if any, arising from the aforesaid developments would be known only after the aforesaid matters are concluded and hence are not determinable at this stage.
11. The New IL&FS Board in January, 2019 initiated a forensic examination for the period from April 2013 to September 2018, in relation to the certain companies of the IL&FS Group, and has appointed an independent third party for performing the forensic audit and to report the findings. The Company is not in the list of companies identified for forensic audit. The independent third party has submitted their interim report in relation to the audit of ITNL, the immediate holding Company and the observations contained therein related primarily to the operations of ITNL.
12. Pursuant to the Resolution Framework for the IL&FS Group submitted to the Ministry of Corporate Affairs, Government of India which, in turn, had filed with the Hon'ble National Company Law Appellate Tribunal ("NCLAT"), the creditors of the Company were invited to submit their claims as at October 15, 2018 with proof to a Claims Management Advisor ("CMA") appointed by the IL&FS Group. The amounts claimed by the financial and operational creditors are assessed for admission by the CMA. The CMA, vide their various communications to the management of the Company, have submitted their report on the status of the claims received and its admission status. The report is subject to updating based on additional information / clarification that may be received from the creditors in due course.

**EXTRACT OF THE ANNUAL RETURN:**

In accordance with Section 134(3)(a) of the Companies Act, 2013, the extract of annual return for the financial year ended March 31, 2019 in Form No. MGT-9 is enclosed as Annexure A of this Report.

**CORPORATE GOVERNANCE:****(i) Board of Directors and Meetings held:**

As on date, the Board of Directors comprise of the following Directors:

1. Mr. Parag Phanse- Additional Nominee Director
2. Mr. Vijay Kini- Nominee Director
3. Mr. Sachin Joshi – Additional Nominee Director

Mr. Sachin Joshi was appointed as Additional Director effective July 24, 2019.



During the year under review, following Directors had resigned on the dates mentioned against their names:

1. Mr. Sanjay Rane, Independent Director effective December 24, 2018
2. Capt. Swapan Paul, Independent Director effective December 26, 2018
3. Mr. Milan Chakravarti, Independent Director effective December 24, 2018
4. Mr. Prashant Agarwal, Director effective March 22, 2019
5. Mr. Sanjay Minglani, Director effective March 29, 2019

Additionally, Mr. M. B. Bajulge who was appointed as Additional Nominee Director effective March 19, 2019 resigned effective April 5, 2019 and Ms. Sumathy Sivaramakrishnan who was appointed as Nominee Director effective March 19, 2019 resigned effective July 22, 2019.

In exercise of powers under section 242(2)(4) of the Companies Act, 2013, the Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated April 26, 2019 has granted dispensation with the requirement of appointment of Independent and Women Directors pursuant to Section 149 of the Companies Act, 2013. In view thereof, the Company has not appointed Independent and Women Directors.

During the year under review, the Board of Directors met 4 times, namely on April 26, 2018, August 17, 2018, December 13, 2018 and March 29, 2019. The details of meetings and attendance of the Directors are provided below:

Sr. No	Name of Directors	No. of Board Meetings held during tenure	Meetings attended
1.	Mr. Sanjay Minglani	4	3
2.	Mr. Vijay Kini	4	3
3.	Ms. Sumathy Sivaramakrishnan	4	4
4.	Mr. Milan Chakravarti	3	3
5.	Mr. Sanjay Rane	3	3
6.	Capt. Swapan Paul	3	3
7.	Mr. Prashant Agarwal	3	2
8.	Mr. Parag Phanse	1	1
9.	Mr. M. B. Bajulge	1	1

(ii) Directors liable to retire by rotation

Mr. Vijay Kini (DIN: 06612768) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Directors recommend his re-appointment.

(iii) Audit Committee

As on date, the Audit Committee is comprised of the following:

1. Mr. Vijay Kini
2. Mr. Parag Phanse
3. Mr. Sachin Joshi

Consequent to the resignations of Mr. Sanjay Rane, Mr. Milan Chakravarti, Mr. M. B. Bajulge and Ms. Sumathy Sivaramakrishnan, Audit Committee was re-constituted by the Board of Directors in terms of Section 177 of the Companies Act, 2013. The Committee met 2 times on April 26, 2018 and August 17, 2018 during the year under review. The details of the Meetings and attendance of Committee Members are provided below:

Sr. No.	Name of Directors	No. of Meetings held during tenure	Meetings attended
1	Mr. Vijay Kini	2	2
2	Mr. Milan Chakravarti	2	2
3	Mr. Sanjay Rane	2	2

The recommendations if any, made by the Audit Committee were accepted by the Board of Directors.

(ii) Nomination & Remuneration Committee

As on date, the Nomination & Remuneration Committee is comprised of the following:

1. Mr. Vijay Kini
2. Mr. Parag Phanse
3. Mr. Sachin Joshi

Consequent to the resignations of Mr. Sanjay Rane, Mr. Milan Chakravarti, Mr. M. B. Bajulge and Ms. Sumathy Sivaramakrishnan, the Nomination & Remuneration Committee was re-constituted by the Board of Directors in terms of Section 178 of the Companies Act, 2013. During the year under

review, the Committee met on April 25, 2018 which was attended by all the Members of the Committee namely, Mr. Sanjay Rane, Mr. Vijay Kini and Mr. Milan Chakravarti.

(iii) Corporate Social Responsibility Committee

Your Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within the purview of the provisions of Section 135 of the Companies Act, 2013.

(iv) Key Managerial Personnel

During the year under review, Mr. Dilip Darji continued to be the Company Secretary and Key Managerial Personnel of the Company. However he resigned effective April 22, 2019.

Mr. Chandrakant Jagasia, Chief Financial Officer and Key Managerial Personnel of the Company resigned effective September 28, 2018. Mr. Gautam Kumar Tandasi resigned as Manager and Key Managerial Personnel effective March 4, 2019.

**ANNUAL GENERAL MEETING (AGM):**

In consideration of the current state of affairs and challenges being faced by the Company, the Ministry of Corporate Affairs (MCA) had granted extension of time for convening of AGM upto December 15, 2019. However, since the financials of the Company for the year ended March 31, 2019 could not be completed till then, the AGM could not be convened within the extended time i.e. before December 15, 2019.

Considering the challenges faced by many companies within the IL&FS Group including the Company in preparation of financials for the year ended March 31, 2019, an application has been filed by IL&FS before the National Company Law Tribunal (NCLT), Mumbai seeking further extension of time upto June 30, 2020 for holding the AGM of the Company, the decision of the NCLT is awaited.

**IMPAIRMENT OF ASSET:**

The IL&FS Board has been working on a resolution plan, with a view to enable value preservation for stakeholders of IL&FS Group. The resolution plan, inter alia, involves sale of assets/businesses/companies owned by IL&FS Group. With the above background, the Board of the Company authorised IL&FS Board to take necessary actions in this regard. Accordingly, the IL&FS Board had on December 21, 2018 invited Expression of Interest (EOIs) for divestment of the holding company's entire stake in the Company.

Consequent thereto, IL&FS has received a single bid on of Rs 727.2 Crore towards lump sum consideration for acquiring the shares of the Company held by the Holding Company.

The Board of Directors of ITNL at their meeting held on October 30, 2019 have accepted the bid value of Rs. 727.2 Crore and accepted the same subject to necessary approvals from various regulators, Committee of Creditors, NCLAT and all other authorities as may be necessary.

For the purpose of testing of impairment of assets, bid value of Rs 727.2 Crore (net of recoveries) is compared with the Net Assets Value of the financial assets as on March 31, 2019 in the books of the Company. Accordingly, total impairment as on March 31, 2019 amounting to Rs 106.73 Crore has been charged to the Profit & Loss Account.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

As stipulated under clause (c) of sub-section (3) of Section 134 read with sub-section (5) of Section 134 of the Companies Act, 2013, your Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial control to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

**DECLARATION BY INDEPENDENT DIRECTOR(S):**

All the Independent Directors of the Company resigned during the year under review and therefore the same is not provided.

**POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION:**

The Board has adopted a Policy on appointment and remuneration of Directors which includes the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under Sub-section (3) of Section 178 of the Companies Act, 2013. There has been no change carried out in the Policy adopted by the Board. None of the Directors have been paid any remuneration except to the extent of sitting fees if any paid to them.

**STATUTORY AUDITORS:**

M/s. Luthra & Luthra, Chartered Accountants, Statutory Auditors (Firm Registration No. 002081N), were re-appointed as the Auditors of the Company for a period of five years to hold office from the conclusion of the Annual General Meeting (AGM) held on September 30, 2014 till the conclusion of the 10<sup>th</sup> AGM of the Company to be held in FY 2018-19. Since, the term of the Statutory Auditors expires in the ensuing AGM of the Company, it is proposed to appoint M/s K S Aiyar & Co., Chartered Accountants, Statutory Auditors for a period of 5 years to hold office from the conclusion of the ensuing AGM till the conclusion of the 15<sup>th</sup> AGM of the Company to be held in the year 2024. A Certificate confirming their eligibility under Section 141 of the Companies Act, 2013 and Rules framed thereunder to be re-appointed as Auditors have been received from the Auditors.

Further, there have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Act and Rules framed thereunder either to the Company or to the Central Government. The Management Representation on the qualifications/ observations/ remarks of Statutory Auditor pertaining to year ended March 31, 2019 are as under:

<b>Sr. No</b>	<b>Qualifications</b>	<b>Responses to Audit Qualifications / observations</b>
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1.	<p><u>Basis of Disclaimer of Opinion #1</u></p> <p>As stated in Note 35 to the accompanying Ind-AS financial statements, the National Company Law Tribunal has allowed a petition for reopening of the books of accounts and recasting the financial statements of Holding as well as Ultimate Holding Company under section 130 of the Companies Act, 2013 from Financial Year 2012-13 to the Financial Year 2017-18. Impact of such reopening of the books of accounts of Holding/Ultimate Company on the books/financial statements of the Company are not determinable at this stage. Consequently, the accompanying IND AS financial statements do not include any possible adjustments arising in this regard.</p>	<p>An order received from NCLT dated January 01, 2019 has allowed a petition filed by the Union Of India for reopening of the books of accounts and recasting of the financial statements under Section 130 of the Companies Act, 2013 for five financial years from FY 2013-14 to 2017-18 of IL&amp;FS and its subsidiaries namely, IL&amp;FS Financial Services Limited (IFIN) and IL&amp;FS Transportation Networks Limited (ITNL). Accordingly, the NCLT has appointed firms to carry out the re-opening and recasting of financial statements of these entities which is under progress. While there is no specific order, directing reopening and recasting the books of the Company, since the Company has carried out significant transactions with ITNL, IL&amp;FS and IFIN during the above period, any implications arising from the said recasting exercise may impact the financials of the Company. However, the impact of the same is not ascertainable at this stage pending completion of the exercise</p> <p>The Company will make the required adjustments, if any, once the process of recasting of accounts for these entities for Financial Years 2013-14 to 2017-18 is completed.</p>
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2.	<p><u>Basis of Disclaimer of Opinion #2</u></p> <p>As stated in Note 36 to the accompanying Ind-AS financial statements, the Ministry of Corporate Affairs, Government of India, has initiated investigation by Serious Fraud Investigation Office (SFIO) against IL&amp;FS Ltd and its group companies under Section 212 (1) of the Companies Act, 2013. As a part of its investigation, SFIO has been seeking information from the Company on an ongoing basis. The investigation is in progress and the implications if any, are not determinable at this stage. Consequently, the accompanying IND AS financial statements do not include any possible adjustments arising in this regard.</p>	<p>The MCA, Government of India, has vide its letter dated October 01, 2018 initiated investigation by the Serious Fraud Investigation Office (SFIO) against IL&amp;FS and its group companies under Section 212 (1) of the Companies Act, 2013. As a part of its investigation, SFIO has been seeking information from the Company on an ongoing basis. The investigation is in progress and the Company is fully cooperating with the investigating agencies. The implications, if any, arising from the aforesaid developments would be known only after the aforesaid matters are concluded and hence are not determinable at this stage.</p>
3.	<p><u>Basis of Disclaimer of Opinion #3</u></p> <p>As stated in Note 37 to the accompanying Ind-AS financial statements, the Board of Directors of the IL&amp;FS Ltd has initiated a forensic examination for the period from April 2013 to September 2018, in relation to certain companies of the Group. Pending completion of such examination, no adjustments have been recorded in these financial statements for any consequential effects / matters that may arise in this regard.</p>	<p>The New Board of IL&amp;FS, in January 2019, has initiated a forensic examination for the period from April 2013 to September 2018, in relation to certain companies of the Group, and has appointed an independent third party for performing the forensic audit and to report their findings to the New Board of IL&amp;FS.</p> <p>The Company has received an interim report in relation to the audit of ITNL (the holding Company) in this matter so far. Given that the report is interim in nature and pending full completion of the examination, specific adjustment if any related to the Company arising from the said forensic audit of</p>

		<p>ITNL, has not been determined.</p> <p>Hence no adjustments have been recorded in these financial statements for any consequential effects / matters that may arise in this regard. The Company will make necessary adjustments, if any once the process is completed.</p>
4.	<p><u>Basis of Disclaimer of Opinion #4</u></p> <p>As stated in Note 38 to the accompanying Ind-AS financial statements, the management is in the process of reconciling claim received with its books of accounts. Consequently, the accompanying IND AS financial statements do not include any possible adjustments arising in this regard.</p>	<p>Pursuant to the “Third Progress Report – Proposed Resolution Framework for the IL&amp;FS Group” dated 17 December, 2018 and the “Addendum to the Third Progress Report – Proposed Resolution Framework for IL&amp;FS Group” dated January 15, 2019 (“Resolution Framework Report”) submitted by the Company to the Ministry of Corporate Affairs, Government of India which, in turn, was filed with the Hon’ble National Company Law Appellate Tribunal (“NCLAT”), the creditors of the Company were invited (via advertisement(s) dated May 22, 2019) to submit their claims as at October 15, 2018 with proof, on or before 5 June, 2019 (later extended till February 5, 2020)) to a Claims Management Advisor (“CMA”) appointed by the IL&amp;FS Group. The amounts claimed by the financial and operational creditors are assessed for admission by the CMA. The CMA, vide their various communications to the management of the Company, have submitted their report on the</p>



		<p>status of the claims received and its admission status. The report is subject to updation based on additional information / clarification that may be received from the creditors in due course. Management of the Company is in the process of reviewing the claims made by third parties with the CMA, and reconciliation of such claims with the corresponding amounts as per the Company's books of account. Having regard to the nature, volume and value of claims received, management is of the view that due process will need to be applied to all such claims, in order to finally determine the level of present obligations that would need to be recognised by the Company as liabilities. Accordingly, no adjustments have been made in this regard to these financial statements.</p>
5.	<p><u>Basis of Disclaimer of Opinion #5</u> As stated in Note 39 to the accompanying Ind-AS financial statements, the Company is not in compliance with certain requirements/provisions of the applicable laws and regulations. Pending final determination of the financial and other consequences arising from such non-compliances, no adjustment have been made to the accompanying IND AS financial statements</p>	<p>Pursuant to various developments described hereinabove, the Company has not been able to comply with certain requirement applicable under the Companies Act, 2013 such as appointment of Independent Directors, Key Management Personnel. These non-compliances have been reported by the Secretarial Auditors of the Company.</p>
6.	<p><u>Basis of Disclaimer of Opinion #6</u> As stated in Note 34 to the accompanying Ind-AS financial statements, the management has recognised impairment loss of Rs. 1067.30</p>	<p>IL &amp; FS Board has been working on a resolution plan, with a view to enable value preservation for stakeholders of IL &amp; FS group. The</p>

	<p>Million on the financial asset i.e. Receivable under Service Concession Arrangement based on the bid received from third party for acquisition of entire company. As bid is yet to be approved by Committee of Creditors and bid price is subject to adjustments mentioned in Request for proposal and such adjustments would be finalised on closing date, we were unable to determine whether any other adjustments were necessary in respect of Receivable under Service Concession Arrangement.</p>	<p>resolution plan, inter alia, involves sale of assets / business / companies owned by IL &amp; FS Group. Further, in this regard, IL &amp; FS Board has on December 21, 2018 invited public Expression of interest (EOI) as part of the divestment process. The Company has received a bid from an external party and the same has been accepted by the Board of Directors of ITNL and IL&amp;FS (the ultimate holding Company). Shortfall in the value of the bid (net of deductions known at the time of finalization of accounts) as compared to the carrying cost of the assets in the books of the Company as on March 31, 2019 has been recognized as impairment in the value of these assets in these financial statement.</p>
7.	<p><u>Basis of Disclaimer of Opinion #7</u> Impairment loss &amp; modification loss on financial assets has been presented as separate line item in the Statement of Profit &amp; Loss instead of exceptional item.</p>	<p>In all the entities across ITNL this is shown as a separate line item and not as an exceptional item as the impairment is primarily due to impairment testing done at each entity level as required as per IND AS.</p>
8.	<p><u>Basis of Disclaimer of Opinion #8</u> As stated in Note 27 to the accompanying Ind-AS financial statements, NCLAT has passed an order October 15, 2018 imposing moratorium for financial creditors of the Company, based on which Company has stopped servicing financial creditors. NCLAT vide its order dated March 12, 2020 had upheld its interim order of October 15, 2018 and specifies October 15, 2018 as the date of initiation of the Resolution Process of the Company. The Company has not accrued any</p>	<p>The Hon'ble National Company Law Tribunal (NCLT) vide its order dated March 12, 2020 has approved October 15, 2018 as the cut-off date for initiation of the resolution process of the Company. Accordingly, all claims against the Company have been crystallised as of Cut-off date and no interest, additional interest, default interest and penal interest has accrued on borrowings post the said Cut-off date. Appropriate disclosures have been made in Financial</p>

	interest (amounting to INR 350.30 Million), default interest, penal interest and any other similar charges after the said cut-off date of October 15, 2018 till March 31, 2019.	Statements quantifying the amount of interest expense / income that has not been recognized in the financials beyond October 15, 2018 till March 31, 2019
9.	<p><u>Emphasis of Matter</u></p> <p>We draw your attention to note 29 to the accompanying IND AS financial statements, the management has revised the O&amp;M and overlay cost expected to be incurred over balance concession period which has resulted into modification loss of INR 913.19 Million. We have relied upon the management for such revised cost.</p>	For any annuity project, in accordance with the principles of IND-AS, the impact of any change in the estimated cash flow need to be accounted as modification gain or loss. In view change in the estimates of routine and periodic maintenance cost and also doubtful recovery out of balance amount of first annuity has resulted in modification loss of Rs 913.19 mn
10.	<p><b>Material Uncertainty Related to Going Concern</b></p> <p>We draw attention to Note 28 to the accompanying Ind-AS financial statements which describes that Entire Group is going through liquidity issue and defaulted in repayment of various loan instruments, Union of India has filed petition against IL&amp;FS Limited &amp; its Group Companies in National Company Law Tribunal and superseded earlier Board of the Holding/Ultimate Holding Company, the Company has incurred a loss of INR 1654.01 Million during the year and the Company's total liability exceeds its assets by INR 962.95 Million as at March 31, 2019. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.</p>	Union of India has superseded the earlier board of Holding/Ultimate Holding Company and appointed new Board from October 01, 2018. Entire Group is going through severe financial stress. National Company Law Appellate Tribunal ("NCLAT") had passed an order on October 15, 2018 ("Interim Order") in Company Appeal (AT) 346 of 2018, imposing moratorium on the creditors of IL&FS and its 348 group companies, which includes the Company. Further, NCLAT vide its order dated February 11, 2019 has also classified the Company under the "Amber Category" based on a 12 month cash flow solvency test, which means that the Company is able to meet only financial obligation towards Senior Lenders and operational creditors. In view of this classification and the moratorium order, the Company has stopped servicing financial obligations towards all its financial creditors. The Company has received

		a bid from third party and the same has been accepted by the Board of ITNL & IL&FS (the ultimate Holding Company). Hence on the basis of above, these accounts are prepared on the basis of going concern.
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**COST AUDITOR & COST AUDIT REPORT**

Pursuant to Section 148 of the Companies Act 2013 and the Companies (Cost Records and Audit) Rules 2014 framed thereunder, the Board of Directors at their meeting held on August 17, 2018 had on the recommendation of the Audit Committee appointed M/s Chivilkar Solanki & Associates, Cost Accountant as the Cost Auditor of the Company for the FY 2018-19. Mr. Vijay Kumar Solanki of M/s Chivilkar Solanki & Associates, Cost Accountant has confirmed his eligibility for appointment for the FY 2019-20 and that he is free from any disqualification for being appointed as Cost Auditors under the provisions of the Companies Act, 2013.

The Board of Directors has recommended to the Members remuneration payable to M/s Chivilkar Solanki & Associates, Cost Accountants for the F.Y 2019-20 to be approved at the ensuing AGM.

**SECRETARIAL AUDIT & SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s Jayshree Dagli & Associates, Company Secretaries, Mumbai, in whole-time practice to carry out the Secretarial Audit of the for the Financial Year 2018-19.

The report of the Secretarial Auditor is enclosed as Annexure B. The Management Representation on the qualifications/ observations/ remarks of Secretarial Auditor pertaining to year ended March 31, 2019 are as under:

<b>Sr. No</b>	<b>Qualifications</b>	<b>Responses to Audit Qualifications / observations</b>
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1.	The Company has not filled up the Vacancy caused by resignation of Chief Financial Officer within 6 (Six) months from the date of such vacancy pursuant to the provisions of Section 203 of the Act.	Due to the unforeseen situation within the IL&FS Group pursuant to the fall out of the management takeover and appointment of New Board of Directors by the Union of India and uncertainty arising therefrom, there was a huge attrition and resignations by the employees including KMPs. This has also resulted in difficulties in recruitment of CFO by the Company.
2.	The Company has not filled up the vacancy caused by resignation of Independent Directors within the prescribed period under Section 149 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014.	In exercise of powers under section 242(2)(4) of the Companies Act, 2013, the Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated April 26, 2019 has granted dispensation with the requirement of appointment of Independent and Women Directors pursuant to Section 149 of the Companies Act, 2013. In view thereof, the Company has not appointed Independent and Women Directors.
3.	<p>The Company has not complied with the following regulations as specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:</p> <p>a. Regulations 52 (Financial Results) for the half year ended September, 2018. For the half year ended March, 2019, the Company have sought extension of Annual General Meeting</p> <p>b. Regulations 54: Asset Coverage Ratio</p> <p>c. Regulations 62 (Website): The website of the Company is not maintained.</p>	<p>During the financial year 2018-19, the Company has undergone various operational constraints and challenges, like</p> <ul style="list-style-type: none"> <li>• Re-constitution of the Board of the Company</li> <li>• Re-opening of books of accounts and re-casting of the financial statements</li> <li>• Transition from IGAAP to IND AS for preparation of Financials</li> <li>• Investigation by Serious Fraud Investigating office</li> </ul>

		<p>(SFIO)</p> <ul style="list-style-type: none"> <li>• A special audit conducted by the Grant Thornton</li> </ul> <p>Thus, the Company was not in a position to submit its financial statement/results as the preparation of financial statement/results requires management to make various estimates and representation.</p>
4.	The Board of Directors of the Company is constituted with Non-Executive Directors only. There are no Independent Directors on the Board.	In exercise of powers under section 242(2)(4) of the Companies Act, 2013, the Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated April 26, 2019 has granted dispensation with the requirement of appointment of Independent and Women Directors pursuant to Section 149 of the Companies Act, 2013. In view thereof, the Company has not appointed Independent and Women Directors.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

The details of loans given, investments made, guarantees given and securities provided under Section 186 of the Companies Act, 2013 have been provided in the notes to the financial statements.

**RELATED PARTY TRANSACTIONS:**

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

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

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

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

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

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

Since, the Company does not have any manufacturing facility, the particulars required to be provided in terms of the disclosures required under Section 134 (3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are not applicable to the Company. There was no earning or outgo of foreign exchange during the year under review.

#### **RISK MANAGEMENT:**

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

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

#### **CORPORATE SOCIAL RESPONSIBILITY POLICY:**

During the period under review, your Company is not coming under the purview of eligibility criteria under section 135 of the Companies Act, 2013 and hence the requirements under CSR provisions are not applicable to the Company.

#### **PERFORMANCE EVALUATION:**

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

Pursuant to Section 134 of the Companies Act, 2013 the Board of Directors at their Meeting has carried out the performance evaluation of all the Directors and Committees.

### **OTHER DISCLOSURES/ MATTERS REQUIRED UNDER COMPANIES ACT, 2013**

#### **SHARE CAPITAL:**

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

During the year under review, your Company has not issued and allotted any equity shares, equity shares with differential voting rights nor has granted any stock option or sweat equity. As on March 31, 2019, none of the directors held instruments that are convertible into Equity Shares of the Company.

#### **REDEMPTION OF NON-CONVERTIBLE DEBENTURES**

The Company had issued 71,500 Secured, Listed, Redeemable, Non-Convertible Debentures of Face Value of ₹ 1,00,000/- each (the "Debentures"), aggregating upto Rs. 715 Crore on a Private Placement basis. For the aforementioned Debentures, the total amount outstanding to be redeemed as on 31<sup>st</sup> March, 2019 is Rs. 528.58 Crore.

#### **INTERNAL CONTROL SYSTEM:**

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

The Internal Auditor's scope and authority are derived from the Internal Audit Plan, which is approved by the Audit Committee. The plan is modified from time to time to meet requirements arising from changes in law as well as out of the improved controls resulting from the implementation



of the ICF. Internal audits are conducted every quarter and covers operations, accounting, secretarial and administration functions. It also provides special reference to compliances based on the audit plan. Internal audit reports are placed before the Audit Committee at regular intervals for review discussion and suitable action.

**CHANGE IN THE NATURE OF BUSINESS:**

There was no change in the nature of business during the year under review as per Sub Rule 5(ii) of Rule 8 of Companies (Accounts) Rules, 2014.

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:**

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

**VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES:**

In accordance with Section 177(9) of the Companies Act, 2013 the Company has established a vigil mechanism by adopting a Whistle Blower Policy for the directors and employees to report genuine concerns or grievances.

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

During the financial year 2018-19, no employee of the Company was denied access to the Audit Committee.

**DEPOSITS:**

During the financial year under consideration, your Company has not accepted any public deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made there under.

**POLICY FOR PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:**

The Company has provided a safe and dignified work environment for its employees which is free of discrimination, intimidation and abuse. The Company has adopted a Policy for Prevention of Sexual Harassment of Women at Workplace pursuant to Section 22 read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The objective of this policy is to provide protection against sexual harassment of women at workplace and for redressal of complaints of any such harassment. The Internal Complaints Committee to redress the complaints received under the Act is in place.

No complaints has been received during the year under review.

**PARTICULARS OF EMPLOYEES:**

During the year under review, there were no such employees of the Company in respect of whom the information is required to be disclosed pursuant to Section 197 of the Companies Act 2013 read with Rule 5(2)&(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

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

**SECRETARIAL STANDARDS:**

The Secretarial Standards as applicable to the Company were complied to the extent possible, as the Company has been facing various challenges and constraints during the period under review.

**ACKNOWLEDGEMENTS**

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

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

SD/-

SD/-

April 21, 2020  
Mumbai

Nominee Director  
(DIN: 06612768)  
Vijay Kini

Nominee Director  
(DIN: 08388809)  
Parag C. Phanse

**ANNEXURE A****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN  
As on Financial Year ended on 31.03.2019**

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

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	U45203MH2009PLC191070
2.	Registration Date	19/03/2009
3.	Name of the Company	Hazaribagh Ranchi Expressway Limited
4.	Category/Sub-category of the Company	Company Limited by Shares
5.	Address of the Registered office & contact details	The IL&FS Financial Centre, Plot C 22, G Block, Bandra Kurla Complex, Mumbai-400051, Contact No. 022-26533333, Email ID: itnl.secretarial@ilfsindia.com,
6.	Whether listed company	The Company is having its Non-Convertible Debentures listed on the National Stock Exchange
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link InTime India Pvt Limited, C-101, 247 Park, LBS Marg, Surya Nagar, Vikhroli (West), Mumbai – 400 083 Phone: +91 22 4918 6000

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

<b>Sr. No.</b>	<b>Name and Description of main products / services</b>	<b>NIC Code of the</b>	<b>% to total turnover of the company</b>
1	Construction and maintenance of Motorways, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100 %

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

## HREL

Sr. No.	Name and Address of The company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	IL&FS Transportation Networks Limited ("ITNL")  Address: The IL&FS Financial Centre, Plot C 22, G Block, Bandra Kurla Complex, Mumbai-400051	L45203MH2000PLC129790	Holding	99.99%	2(46)

### VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	13,09,86,840	60	13,09,86,900	99.99 %	13,09,86,840	60	13,09,86,900	99.99 %	No

## HREL

e) Banks / FI		-	-	-	-	-	-	-	-
f) Any other		-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>13,09,86,84 0</b>	<b>60</b>	<b>13,09,86,90 0</b>	<b>99.99 %</b>	<b>13,09,86,84 0</b>	<b>60</b>	<b>13,09,86,90 0</b>	<b>99.99 %</b>	<b>No</b>
(2) Foreign		-	-	-	-	-	-	-	-
a) NRIs- Individual		-	-	-	-	-	-	-	-
b) Other – Individuals		-	-	-	-	-	-	-	-
c) Bodies Corporate		-	-	-	-	-	-	-	-
d) Banks/FI		-	-	-	-	-	-	-	-
e) Any Other...		-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>		-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>13,09,86,84 0</b>	<b>60</b>	<b>13,09,86,90 0</b>	<b>99.99 %</b>	<b>13,09,86,84 0</b>	<b>60</b>	<b>13,09,86,90 0</b>	<b>99.99 %</b>	<b>No</b>
<b>B. Public Shareholding</b>									
1. Institutions		-	-	-	-	-	-	-	-
a) Mutual Funds		-	-	-	-	-	-	-	-
b) Banks / FI		-	-	-	-	-	-	-	-
c) Central Govt		-	-	-	-	-	-	-	-

## HREL

d) State Govt(s)		-	-	-	-	-	-	-	-
e) Venture Capital Funds		-	-	-	-	-	-	-	-
f) Insurance Companies		-	-	-	-	-	-	-	-
g) FIIs		-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds		-	-	-	-	-	-	-	-
i) Others (specify)		-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>		-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.		-	-	-	-	-	-	-	-
i) Indian		13,100	13,100	0.01%	-	13,100	13,100	0.01%	-
ii) Overseas		-	-	-	-	-	-	-	-
b) Individuals		-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh		-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in		-	-	-	-	-	-	-	-

## HREL

excess of Rs 1 lakh									
c) Others (specify)		-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>		<b>13,100</b>	<b>13,100</b>	<b>0.01 %</b>	-	<b>13,100</b>	<b>13,100</b>	<b>0.01 %</b>	
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>		<b>13,100</b>	<b>13,100</b>	<b>0.01 %</b>	-	<b>13,100</b>	<b>13,100</b>	<b>0.01 %</b>	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>		-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>13,09,86,840</b>	<b>13,160</b>	<b>13,10,00,000</b>	<b>100%</b>	<b>13,09,86,840</b>	<b>13,160</b>	<b>13,10,00,000</b>	<b>100%</b>	<b>Nil</b>

### ii) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	IL&FS Transportation Networks Limited	13,09,86,900	99.99%	-	13,09,86,900	99.99%	-	Nil
	Total	<b>13,09,86,900</b>	<b>99.99%</b>	-	<b>13,09,86,900</b>	<b>99.99%</b>	-	<b>Nil</b>

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

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

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

**(Other than Directors, Promoters and Holders of GDRs and ADRs): All the shares are held by the Promoters**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Punj Lloyd Limited				
	At the beginning of the year	13,100	0.01%	13,100	0.01%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for	-	-	-	-



	increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year( or on the date of separation, if separated during the year)	13,100	0.01%	13,100	0.01%

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

Sr. No.	Name of the Director/KMP	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Mr. Vijay Kini -Nominee Director (joint holding with IL&amp;FS Transportation Networks Limited)</b>	At the beginning of the year	10	-	10	-
		Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-

		At the end of the year	10	-	10	-
2.	<b>Mr. Prashant Agarwal - Director (resigned w.e.f March 22, 2019) (joint holding with IL&amp;FS Transportation Networks Limited)</b>	At the beginning of the year	10	-		
		Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	(10) Transfer of Shares from Mr. Prashant Agarwal to Mr. Sanjay Arora on March 29, 2019.	-	(10)	-
		At the end of the year	0	-	0	-
3.	<b>Mr. Chandrakant Jagasia -Chief Financial Officer (resigned w.e.f September 28, 2018) (joint holding with IL&amp;FS Transportation Networks Limited)</b>	At the beginning of the year	10	-		

	<b>n Networks Limited)</b>					
	Transfer of Shares from Mr. Chandrakant Jagasia to Ms. Shaivali Parekh on March 28, 2019.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	(10) Transfer of Shares from Mr. Chandrakant Jagasia to Ms. Shaivali Parekh on March 29, 2019.	-	(10)	-
		At the end of the year	0	-	0	-

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

(Rs. In Million)

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>	<b>6,775.83</b>	<b>2,040.84</b>	<b>-</b>	<b>8,816.67</b>
i) Principal Amount	6,775.83	1,856.40	-	8,632.23
ii) Interest due but not paid	-	184.44	-	184.44
iii)Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>6,775.83</b>	<b>2,040.84</b>	<b>-</b>	<b>8,816.67</b>
<b>Change in Indebtedness during the financial year</b>			<b>-</b>	
• Addition			-	-
• Reduction	729.96	147.86	-	877.82
<b>Net Change</b>	<b>6,045.87</b>	<b>1,892.98</b>	<b>-</b>	<b>7,938.86</b>
<b>Indebtedness at the end of the financial year</b>	<b>6,045.87</b>	<b>2,188.71</b>	<b>-</b>	<b>8,234.58</b>

## HREL

i) Principal Amount	6,045.87	1,921.07	-	7,966.94
ii) Interest due but not paid	-	267.64	-	267.64
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>6,045.87</b>	<b>2,188.71</b>	<b>-</b>	<b>8,234.58</b>

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

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

(Rs, in Million)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
-	Gross salary	-	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-
5	Others, please specify					
	Total (A)	-	-	-	-	-
	Ceiling as per the Act	being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013				

#### B. Remuneration to other directors

(Rs, in Million)

# HREL

Sr. No	Particulars of Remuneration	Name of Directors						Total
1	<b>Independent Directors</b>	<b>Sanjay Rane</b>	<b>Milan Chakravaty</b>	<b>Capt. Swapan Paul</b>				
	Fee for attending board committee meetings	0.13	0.13	0.07				
	Commission	-	-	-				
	Others, please specify	-	-	-				
	<b>Total (1)</b>	<b>0.13</b>	<b>0.13</b>	<b>0.07</b>				<b>0.33</b>
2	<b>Other Non-Executive Directors</b>	<b>Sanjay Minglani</b>	<b>Vijay Kini</b>	<b>Sumathy Iyer</b>	<b>Prashant Agarwal</b>			
	Fee for attending board committee meetings	0.02	0.06	0.02	0.02			0.12
	Commission	-	-	-	-			
	Others, please specify	-	-	-	-			
	<b>Total (2)</b>	<b>0.02</b>	<b>0.06</b>	<b>0.02</b>	<b>0.02</b>			<b>0.12</b>
	<b>Total (B)=(1+2)</b>	<b>0.15</b>	<b>0.19</b>	<b>0.09</b>	<b>0.02</b>			<b>0.45</b>

## HREL

	Total Managerial Remuneration							
	Overall Ceiling as per the Act	being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013						

*\* The Board of Directors in the meeting held on August 17, 2018 has passed a resolution for the waiver of Sitting Fees paid to the Non-Executive Directors.*

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTB

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

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

## HREL

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

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

SD/-

SD/-

Date: April 21, 2020  
Mumbai

Nominee Director  
(DIN: 06612768)  
Vijay Kini

Nominee Director  
(DIN: 08388809)  
Parag C. Phanse

# **Kaushal Dalal & Associates**

## **Practicing Company Secretaries**

Add: 301/308, Balaji Darshan, Tilak Road, Santacruz(W), Mumbai-400054;

Email: [team@cskda.com](mailto:team@cskda.com)

Tel No: 26487278 / 26000308 / 9820636169

### **Form No. MR-3**

#### **SECRETARIAL AUDIT REPORT**

#### **FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

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

To,

The Members,

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HAZARIBAGH RANCHI EXPRESSWAY LIMITED** (hereinafter called "the Company"), incorporated on **19<sup>th</sup> March, 2009** having CIN: U45203MH2009PLC191070 and Registered office at **The IL&FS Financial Centre, Plot No. C-22, G Block Bandra Kurla Complex, Bandra (East), Mumbai Mumbai City MH 400051**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **31<sup>st</sup> March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on **31<sup>st</sup> March, 2019** as made available to me, according to the following provisions of (including any statutory modifications, amendments or re-enactment thereof for the time being in force):

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;



# Kaushal Dalal & Associates

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(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings- *Not Applicable during the period under review*;

(v) **The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):**

- a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- *Not Applicable during the period under review*;
- b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- *Not Applicable during the period under review*;
- c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- *Not Applicable during the period under review*;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - *Not Applicable*;
- g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- *Not Applicable during the period under review*;
- i) Other laws applicable to the Company (List of other laws enclosed and marked as **Annexure -I**)

# Kaushal Dalal & Associates

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I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

To the best of my knowledge and belief, during the year under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above subject to the following observations:

- The Company has not filled up the Vacancy caused by resignation of Chief Financial Officer within 6 (Six) months from the date of such vacancy pursuant to the provisions of Section 203 of the Act.
- The Company has not filled up the vacancy caused by resignation of Independent Directors within the prescribed period under Section 149 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014.
- The Company has not complied with the following regulations as specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:
  - a. Regulations 52 (Financial Results) for the half year ended September, 2018. For the half year ended March, 2019, the Company have sought extension of Annual General Meeting
  - b. Regulations 54: Asset Coverage Ratio
  - c. Regulations 62 (Website): The website of the Company is not maintained.

I further report that-

*The Board of Directors of the Company is constituted with Non-Executive Directors only. There are no Independent Directors on the Board; however the changes in composition of Board of Directors and Key Managerial Personnel that took place during the period under review were carried out in compliance with the provisions of the Act.*

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 (Seven) days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried out unanimously. There were no dissenting views by any member of the Board of Directors

# Kaushal Dalal & Associates

## Practicing Company Secretaries

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during the year under review.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Kaushal Dalal & Associates**  
*Company Secretaries*

**SD/-**

---

**Kaushal Dalal**  
**Proprietor**

**Membership No.: FCS 7141**

**CoP No.: 7512**

**UDIN: F007141A000449761**

**Date: 20<sup>th</sup> December, 2019**

**Place: Mumbai**

# Kaushal Dalal & Associates

## Practicing Company Secretaries

Add: 301/308, Balaji Darshan, Tilak Road, Santacruz(W), Mumbai-400054;

Email: [team@cskda.com](mailto:team@cskda.com)

Tel No: 26487278 / 26000308 / 9820636169

### Annexure I

<i>Sr. No.</i>	<i>Particulars</i>
1	Concession Agreement with National Highway Authority of India (NHAI)
2	Building And Other Construction Workers (Regulation Of Employment And Conditions Of Service) Act, 1996
3	Environment (Protection) Act, 1986
4	Air (Prevention And Control Of Pollution) Act, 1981
5	Water (Prevention And Control Of Pollution) Act, 1974
6	Forest Conservation Act, 1980
7	Hazardous Wastes (Management And Handling) Rules, 1989
8	Labour Laws, to the extent applicable.

For Kaushal Dalal & Associates  
Company Secretaries

SD/-

Kaushal Dalal  
Proprietor

Membership No.: FCS 7141

CoP No.: 7512

UDIN: F007141A000449761

Date: 20<sup>th</sup> December, 2019

Place: Mumbai

# Kaushal Dalal & Associates

## Practicing Company Secretaries

Add: 301/308, Balaji Darshan, Tilak Road, Santacruz(W), Mumbai-400054;

Email: [team@cskda.com](mailto:team@cskda.com)

Tel No: 26487278 / 26000308 / 9820636169

To,

The Members,

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

My report of event date is to read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provided a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulation, standards is the responsibility of management. My examination was limited to the verification of procedures on the test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Kaushal Dalal & Associates**  
*Company Secretaries*

**SD/-**

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**Kaushal Dalal**  
**Proprietor**

**Membership No.: FCS 7141**

**CoP No.: 7512**

**UDIN: F007141A000449761**

**Date: 20<sup>th</sup> December, 2019**

**Place: Mumbai**

## **Independent Auditor's Report**

### **To the members of Hazaribagh Ranchi Expressway Limited**

#### **Report on Audit of the IND AS Financial Statements**

#### **Disclaimer of Opinion**

We were engaged to audit the accompanying IND AS financial statements of **Hazaribagh Ranchi Expressway Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended and notes to financial statements, including a summary of the significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying IND AS financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion and Material Uncertainty Relating to Going Concern section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these IND AS financial statements.

#### **Basis for Disclaimer of Opinion**

1. As mentioned in note 35 to the accompanying IND AS financial statements, National Company Law Tribunal has allowed a petition for reopening of the books of accounts and recasting the financial statements of Holding as well as Ultimate Holding Company under section 130 of the Companies Act, 2013 from Financial Year 2012-13 to the Financial Year 2017-18. Impact of such reopening of the books of accounts of Holding/Ultimate Company on the books/financial statements of the Company are not determinable at this stage. Consequently, the accompanying IND AS financial statements do not include any possible adjustments arising in this regard.
2. As mentioned in note 36 to the accompanying IND AS financial statements, the Ministry of Corporate Affairs, Government of India, has initiated investigation by Serious Fraud Investigation Office (SFIO) against IL&FS Ltd and its group companies under Section 212 (1) of the Companies Act, 2013. As a part of its investigation, SFIO has been seeking information from the Company on an ongoing basis. The investigation is in progress and the implications if any, are not determinable at this stage. Consequently, the accompanying IND AS financial statements do not include any possible adjustments arising in this regard.
3. As mentioned in note 37 to the accompanying IND AS financial statements, the Board of Directors of the IL&FS Ltd has initiated a forensic examination for the period from April 2013 to September 2018, in relation to certain companies of the Group. Pending completion of such examination, no adjustments have been recorded in these financial statements for any consequential effects / matters that may arise in this regard.
4. As mentioned in note 38 to the accompanying IND AS financial statements, the management is in the process of reconciling claim received with its books of accounts. Consequently, the accompanying IND AS financial statements do not include any possible adjustments arising in this regard.

5. As mentioned in note 39 to accompanying IND AS financial statements, the Company is not in compliance with certain requirements/provisions of the applicable laws and regulations. Pending final determination of the financial and other consequences arising from such non-compliances, no adjustment have been made to the accompanying IND AS financial statements
6. As mentioned in note 34 to the accompanying IND AS financial statements, the management has recognised impairment loss of INR 1067.30 Million on the financial asset i.e. Receivable under Service Concession Arrangement based on the bid received from third party for acquisition of entire company. As bid is yet to be approved by Committee of Creditors and bid price is subject to adjustments mentioned in Request for proposal and such adjustments would be finalised on closing date, we were unable to determine whether any other adjustments were necessary in respect of Receivable under Service Concession Arrangement.
7. Impairment loss & modification loss on financial assets has been presented as separate line item in the Statement of Profit & Loss instead of exceptional item.
8. As mentioned in note 27 to the accompanying IND AS financial statements, NCLAT has passed an order October 15, 2018 imposing moratorium for financial creditors of the Company, based on which Company has stopped servicing financial creditors. NCLAT vide its order dated March 12, 2020 had upheld its interim order of October 15, 2018 and specifies October 15, 2018 as the date of initiation of the Resolution Process of the Company. The Company has not accrued any interest (amounting to INR 350.30 Million), default interest, penal interest and any other similar charges after the said cut-off date of October 15, 2018 till March 31, 2019

#### **Emphasis of Matter**

We draw your attention to note 29 to the accompanying IND AS financial statements, the management has revised the O&M and overlay cost expected to be incurred over balance concession period which has resulted into modification loss of INR 913.19 Million. We have relied upon the management for such revised cost.

Our Opinion is not modified in respect of above matter.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 28 to the accompanying Ind AS financial statements which describes that Entire Group is going through liquidity issue and defaulted in repayment of various loan instruments, Union of India has filed petition against IL&FS Limited & its Group Companies in National Company Law Tribunal and superseded earlier Board of the Holding/Ultimate Holding Company, the Company has incurred a loss of INR 1654.01 Million during the year and the Company's total liability exceeds its assets by INR 962.95 Million as at March 31, 2019. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the Company's IND AS financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these IND AS financial statements.



We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit; but to the extent described in the Basis for Disclaimer of Opinion section above, were unable to obtain such information.
  - b) Except for the matters described in the Basis for Disclaimer of Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts.
  - d) Due to the possible effect of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) The matters described in the Basis for Disclaimer of Opinion and Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g) 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".
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigation on its financial position in its financial statement- Refer note 25, 28, 35, 36 to the financial statement.

- 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.
3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.

Place: New Delhi  
Date: 21/04/2020

For Luthra & Luthra LLP  
Chartered Accountants  
Reg. No. 002081N / N500092

SD/-  
Amit Luthra  
Partner  
M. No: 85847

UDIN: 20085847AAAAAF6773

**Annexure - A to the Independent Auditors' Report**

**The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2019**

1.
  - a. The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - a. As per the information and explanations given to us, fixed assets were physically verified by the Management and no material discrepancy was noticed.
  - b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not own any immovable property.
2. As the Company does not have any inventory, clause 3(ii) of the order is not applicable to the Company.
3. In our opinion and according to the information and explanation given to us, the Company has not granted any loan, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013.
4. In our opinion and according to the information and explanations given to us, the Company has not given/make any loan, investment, guarantee and security and accordingly provisions of section 185 and 186 of the Act are not applicable.
5. According to the information and explanations given to us, the company has not accepted deposits.
6. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
7.
  - a. According to the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues of income tax and Goods and Service tax. We were informed that operation of the Company did not give rise to provident fund, employees state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess.

There were no undisputed amounts payable on account of the above dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of the dues	Amount (INR in Million)	Period to which the amount relates	Forum where Dispute is pending
Income tax	Income tax	Rs. 1.70	FY 2010-11	ITAT
Income tax	Income tax	Rs. 2.80	FY 2011-12	ITAT

8. As per the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowing to banks and financial institutions during the year.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has raised money by way of term loans and proceeds of the same have been utilized for the purpose for which it was obtained
10. Pending final outcome of the various matters described in the Basis of Disclaimer of Opinion section above, based on the audit procedures performed by us and according to the information and explanations given to us, we are unable to report on fraud by the Company or on the Company by its officers or employees during the year.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid managerial remuneration during the year. Accordingly paragraph 3(xi) of the order is not applicable.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable Indian accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

For Luthra & Luthra LLP  
Chartered Accountants  
Reg. No. 002081N / N500092

Place: New Delhi  
Date: 21/04/2020

SD/-  
Amit Luthra  
Partner  
M. No: 85847

UDIN: 20085847AAAAAF6773

**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 **Hazaribagh Ranchi Expressway Limited** ("the Company") as of 31<sup>st</sup> March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, 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.

Place: New Delhi  
Date: 21/04/2020

For Luthra & Luthra LLP  
Chartered Accountants  
Reg. No. 002081N / N500092

SD/-  
Amit Luthra  
Partner  
M. No: 85847

UDIN: 20085847AAAAAF6773

HAZARIBAGH RANCHI EXPRESSWAY LIMITED  
BALANCE SHEET AS AT March 31, 2019  
CIN: U45203MH2009PLC191070

₹ in Mn

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Property, plant and equipment	4	-	0.02
(b) Intangible assets			
(i) Others	5	-	-
(c) Financial assets			
(i) Other financial assets	6	6,076.90	7,770.60
<b>Total Non-current Assets</b>		<b>6,076.90</b>	<b>7,770.62</b>
<b>Current Assets</b>			
(a) Financial assets			
(i) Investments	7A	814.44	-
(ii) Cash and cash equivalents	7	26.97	742.76
(iii) Bank balances other than (ii) above	7	-	563.90
(iv) Other financial assets	6	568.94	1,410.35
(b) Current tax assets (Net)	15	42.67	64.18
(c) Other current assets	8	10.48	14.26
<b>Total Current Assets</b>		<b>1,463.50</b>	<b>2,033.98</b>
<b>Total Assets</b>		<b>7,540.40</b>	<b>9,804.60</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	9	1,310.00	1,310.00
(b) Other Equity	10	(2,272.95)	(618.93)
Equity attributable to owners of the Company		<b>(962.95)</b>	<b>691.07</b>
<b>Total Equity</b>		<b>(962.95)</b>	<b>691.07</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	11	6,117.60	6,881.04
<b>Total Non-current Liabilities</b>		<b>6,117.60</b>	<b>6,881.04</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	11	1,299.34	1,264.66
(ii) Trade payables			
a) Total Outstanding dues of Micro enterprises and Small Enterprises		-	-
b) Total Outstanding dues of creditors other than micro enterprises and small Enterprises	14	268.34	292.18
(iii) Other financial liabilities	12	817.64	2,385.32
(b) Other current liabilities	13	0.43	4.67
<b>Total Current Liabilities</b>		<b>2,385.75</b>	<b>2,232.49</b>
<b>Total Liabilities</b>		<b>8,503.35</b>	<b>9,113.53</b>
<b>Total Equity and Liabilities</b>		<b>7,540.40</b>	<b>9,804.60</b>

Note 1 to 40 forms part of the financial statements.

In terms of our report attached.  
For Luthra & Luthra LLP  
Chartered Accountants  
Firm Registration No.002081N / N500092

SD/-  
Amit Luthra  
Partner  
Mem. No. : 85847

For and on behalf of the Board

SD/-  
Vijay Kini  
Director  
Din:06612768

SD/-  
Parag Phanse  
Director  
Din: 08388809

Place: New Delhi  
Date : 21/04/2020

Place: Mumbai  
Date : 21/04/2020



HAZARIBAGH RANCHI EXPRESSWAY LIMITED  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019  
CIN: U45203MH2009PLC191070

₹ in Mn

	Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
I.	Revenue from Operations	16	859.01	678.97
II.	Other income	17	60.44	41.13
III.	<b>Total Income (I+II)</b>		<b>919.45</b>	<b>720.10</b>
IV.	<b>Expenses</b>			
	Operating expenses	18	128.71	57.02
	Finance costs (net)	19	438.64	861.91
	Modification Loss on financial assets (Refer Note No. 29)		913.19	5.50
	Depreciation and amortisation expense	20	0.01	0.01
	Other expenses	21	25.61	17.97
	Impairment loss on financial Assets (Refer Note No. 34)		1,067.30	-
	<b>Total expenses (IV)</b>		<b>2,573.46</b>	<b>942.41</b>
V	<b>Profit/(loss) before tax (III-IV)</b>		<b>(1,654.01)</b>	<b>(222.31)</b>
VI	Less: Tax expense			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
	<b>Total Tax expenses</b>		<b>-</b>	<b>-</b>
VII	<b>Profit/(loss) after tax (V-VI)</b>		<b>(1,654.01)</b>	<b>(222.31)</b>
VIII	Earnings per equity share (face value ` 10 per share):	22		
	(1) Basic (in Rs.)		<b>(12.63)</b>	<b>(1.70)</b>
	(2) Diluted (in Rs.)		<b>(12.63)</b>	<b>(1.70)</b>

  

<p>Note 1 to 40 forms part of the financial statements.</p> <p>In terms of our report attached. For Luthra &amp; Luthra LLP Chartered Accountants Firm Registration No.002081N / N500092</p> <p>SD/- Amit Luthra Partner Mem. No. : 85847</p> <p>Place: New Delhi Date : 21/04/2020</p>	<p>For and on behalf of the Board</p> <p>SD/- Vijay Kini <b>Director</b> Din:06612768</p> <p>SD/- Parag Phanse <b>Director</b> Din: 08388809</p> <p>Place: Mumbai Date : 21/04/2020</p>
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₹ in Mn

Particulars	Year ended March 31, 2019	Year Ended March 31, 2018
<b>Cash flows from operating activities</b>		
Loss for the year	(1,654.01)	(222.31)
Adjustments for:		
Finance costs recognised in profit or loss	438.64	861.91
Interest income recognised in profit or loss	(46.37)	(41.13)
Modification Loss on IRR	913.20	5.50
Depreciation and amortisation expenses	0.01	0.01
Impairment Loss	1,067.30	-
	<b>718.77</b>	<b>603.98</b>
Movements in working capital:		
(Increase)/decrease in other financial assets & other assets (current and non current)	11.36	(13.11)
Increase/ (Decrease) in financial liabilities & other liabilities (current and non current)	(28.11)	60.02
	(16.75)	46.91
<b>Cash generated from operations</b>	<b>702.03</b>	<b>650.89</b>
Income taxes paid (net of refunds)	21.52	(9.14)
<b>Net cash generated by operating activities (A)</b>	<b>723.55</b>	<b>641.76</b>
<b>Cash flows from investing activities</b>		
Increase in receivable under service concession arrangements (net)	(219.40)	578.13
Interest received	10.79	40.17
Investment in Mutual funds	(773.90)	-
Decrease in other bank balances	563.90	-
<b>Net cash used in investing activities (B)</b>	<b>(418.61)</b>	<b>618.30</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	-
Repayment of borrowings	(500.00)	(572.93)
Movement in Short Term Borrowing	34.68	(42.67)
Finance costs paid	(555.41)	(658.42)
<b>Net cash generated in financing activities (C)</b>	<b>(1,020.73)</b>	<b>(1,274.02)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(715.80)</b>	<b>(13.97)</b>
Cash and cash equivalents at the beginning of the year	742.76	756.73
<b>Cash and cash equivalents at the end of the year</b>	<b>26.97</b>	<b>742.76</b>

Particulars	Year ended March 31, 2019	Year Ended March 31, 2018
<b>Components of Cash and Cash Equivalents</b>		
Cash on hand	-	0.00
Balances with Banks in current accounts	26.97	0.97
Balances with Banks in deposit accounts	-	741.78
<b>Cash and Cash Equivalents</b>	<b>26.97</b>	<b>742.76</b>
Cash and cash equivalents for statement of cash flows	<b>26.97</b>	<b>742.76</b>

**Disclosing change in financial liabilities**

Particular	March 31, 2018	Cash flow	Non Cash changes	March 31, 2019
Long Term - Secured Loan - NCD	6,575.92	(1,046.68)	306.59	5,835.83
Long Term - Secured Loan - Related	199.91		10.13	210.04
Unsecured Loan	1,856.40	34.68	29.98	1,921.07
<b>Total</b>	<b>8,632.23</b>	<b>(1,012.00)</b>	<b>346.71</b>	<b>7,966.94</b>

Note 1 to 40 forms part of the financial statements.

For and on behalf of the Board

In terms of our report attached.

For Luthra & Luthra LLP

Chartered Accountants

Firm Registration No.002081N / N500092

SD/-  
Amit Luthra  
Partner  
Mem. No. : 85847

SD/-  
Vijay Kini  
**Director**  
Din:06612768

SD/-  
Parag Phanse  
**Director**  
Din: 08388809

Place: New Delhi  
Date : 21/04/2020

Place: Mumbai  
Date : 21/04/2020

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**  
**Statement of changes in equity**

₹ in Mn

a. Equity share capital	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Balance as at the beginning of the year	1,310.00	1,310.00
Changes in equity share capital during the year	-	-
Balance as at end of the year	1,310.00	1,310.00

**Statement of changes in equity for the year ended March 31, 2018**

b. Other equity	Reserves and surplus		
	Deemed Equity	Retained earnings	Total
Balance as at April 1, 2017	1,285.40	(1,682.02)	(396.62)
Profit / (Loss) for the year		(222.31)	(222.31)
Other comprehensive income for the year, net of income tax			-
<b>Total comprehensive income for the year</b>	<b>1,285.40</b>	<b>(1,904.33)</b>	<b>(618.93)</b>
<b>Balance As at March 31, 2018</b>	<b>1,285.40</b>	<b>(1,904.33)</b>	<b>(618.93)</b>

**Statement of changes in equity for the year ended March 31, 2019**

b. Other equity	Reserves and surplus		
	Deemed Equity	Retained earnings	Total
Balance as at April 1, 2018	1,285.40	(1,904.33)	(618.93)
Profit / (Loss) for the year		(1,654.01)	(1,654.01)
Other comprehensive income for the year, net of income tax			-
<b>Total comprehensive income for the year</b>	<b>1,285.40</b>	<b>(3,558.35)</b>	<b>(2,272.95)</b>
<b>Balance As at March 31, 2019</b>	<b>1,285.40</b>	<b>(3,558.35)</b>	<b>(2,272.95)</b>

Note 1 to 40 forms part of the financial statements.

In terms of our report attached.

For Luthra & Luthra LLP

Chartered Accountants

Firm Registration No.002081N / N500092

For and on behalf of the Board

SD/-

Amit Luthra

Partner

Mem. No. : 85847

SD/-

Vijay Kini

**Director**

Din:06612768

SD/-

Parag Phanse

**Director**

Din: 08388809

Place: New Delhi

Date : 21/04/2020

Place: Mumbai

Date : 21/04/2020

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of Financial Statements for the year ended March 31, 2019

## 4. Property Plant &amp; Equipment

₹ in Mn

Particulars	Deemed cost			Accumulated Depreciation				Carrying Amount	
	Balance as at April 1, 2017	Deductions	Balance at March 31, 2018	Balance as at April 1, 2017	Deductions	Depreciation expense	Balance at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Data processing equipments	0.29		0.29	0.29	-	-	0.29	0.00	0.00
Office equipments	0.06		0.06	0.06	-	-	0.06	0.00	0.00
Furniture and fixtures	0.09		0.09	0.06	-	0.01	0.07	0.02	0.03
<b>Subtotal</b>	<b>0.44</b>	<b>-</b>	<b>0.44</b>	<b>0.41</b>	<b>-</b>	<b>0.01</b>	<b>0.42</b>	<b>0.02</b>	<b>0.03</b>
<b>Total</b>	<b>0.44</b>	<b>-</b>	<b>0.44</b>	<b>0.41</b>	<b>-</b>	<b>0.01</b>	<b>0.42</b>	<b>0.02</b>	<b>0.03</b>

₹ in Mn

Particulars	Deemed cost			Accumulated Depreciation				Carrying Amount	
	Balance as at April 1, 2018	Deductions	Balance at March 31, 2019	Balance as at April 1, 2018	Deductions	Depreciation expense	Balance at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Data processing equipments	0.29	(0.29)	0.01	0.29	(0.29)		0.01	0.00	0.00
Office equipments	0.06	(0.00)	0.05	0.06	(0.00)		0.05	0.00	0.00
Furniture and fixtures	0.09	(0.09)	-	0.07	(0.08)	0.01	-	-	0.02
<b>Subtotal</b>	<b>0.44</b>	<b>(0.38)</b>	<b>0.06</b>	<b>0.42</b>	<b>(0.37)</b>	<b>0.01</b>	<b>0.06</b>	<b>0.00</b>	<b>0.02</b>
<b>Total</b>	<b>0.44</b>	<b>(0.38)</b>	<b>0.06</b>	<b>0.42</b>	<b>(0.37)</b>	<b>0.01</b>	<b>0.06</b>	<b>0.00</b>	<b>0.02</b>

## 5. Intangible assets

₹ in Mn

Particulars	Cost or deemed cost				Accumulated Amortisation			Carrying Amount	
	Balance as at April 1, 2017	Additions	Deductions	Balance As at March 31, 2018	Balance as at April 1, 2017	Amortisation expense	Balance As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Software / Licences acquired	0.06			0.06	0.06		0.06	0.00	0.00
<b>Total</b>	<b>0.06</b>	<b>-</b>	<b>-</b>	<b>0.06</b>	<b>0.06</b>	<b>-</b>	<b>0.06</b>	<b>0.00</b>	<b>0.00</b>

₹ in Mn

Particulars	Cost or deemed cost				Accumulated Amortisation			Carrying Amount	
	Balance as at April 1, 2018	Additions	Deductions	Balance As at March 31, 2019	Balance as at April 1, 2018	Amortisation expense	Balance As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Software / Licences acquired	0.06			0.06	0.06		0.06	0.00	0.00
<b>Total</b>	<b>0.06</b>	<b>-</b>	<b>-</b>	<b>0.06</b>	<b>0.06</b>	<b>-</b>	<b>0.06</b>	<b>0.00</b>	<b>0.00</b>

6. Other financial assets (Unsecured, considered good unless otherwise mentioned)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non Current	Current	Non Current	Current
Receivable under service concession arrangements	6,076.10	568.14	7,769.80	635.54
Claim & others receivable from authority	-	8.48	-	8.37
Less : Allowance for bad and doubtful receivables		(7.69)		
Security Deposits - Others	0.81	-	0.81	-
Interest Accrued on fixed deposits	-	-	-	4.97
<b>Total</b>	<b>6,076.90</b>	<b>568.94</b>	<b>7,770.60</b>	<b>648.88</b>

7. Cash and cash equivalents

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

Particulars	₹ in Mn	
	As at March 31, 2019	As at March 31, 2018
Balances with Banks		
In current accounts	26.97	0.97
In deposit accounts	-	741.78
Cash on hand	-	0.00
<b>Cash and cash equivalents</b>	<b>26.97</b>	<b>742.76</b>
Balances held as margin money or as security against borrowings	-	563.90
<b>Other bank balances</b>	<b>-</b>	<b>563.90</b>

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**
**Notes forming part of Financial Statements for the year ended March 31, 2019**
**7A. Other Current Investments**
**₹ in Mn**

particulars	As at March 31, 2019		As at March 31, 2018	
	Qty	Amount	Qty	Amount
<b>Unquoted Investments (all fully paid)</b>				
(a) Investments in BOI AXA Liquid Fund - Regular Plan - Growth (LFRGG) (note i)	2,81,779.49	603.37	-	-
(b) Investments in HDFC Liquid Fund - Growth	57,663.88	211.07	-	-
<b>TOTAL INVESTMENTS (A)</b>	<b>3,39,443.37</b>	<b>814.44</b>		-
<b>Less : Aggregate amount of impairment in value of investments (B)</b>				
<b>TOTAL INVESTMENTS CARRYING VALUE (A) - (B)</b>	<b>3,39,443.37</b>	<b>814.44</b>		-

Note (i): Lien marked on BOI AXA Mutual Fund with IDBI Trustee

**8. Other assets (Unsecured, considered good unless otherwise mentioned)**
**₹ in Mn**

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non Current	Current	Non Current	Current
Other advances	-	2.79	-	4.82
Prepaid expenses	-	-	-	1.75
Indirect tax balances / Receivable credit	-	7.69	-	7.69
<b>Total</b>	-	<b>10.48</b>	-	<b>14.26</b>

9. Equity Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	₹ in Mn	Number of shares	₹ in Mn
<b>Authorised</b>				
Equity Shares of ₹ 10/- each fully paid	13,20,00,000	1,320.00	13,20,00,000	1,320.00
<b>Issued, Subscribed and Paid up Equity Shares of ₹ 10/- each fully paid</b>	13,10,00,000	1,310.00	13,10,00,000	1,310.00
<b>Total</b>	<b>13,10,00,000</b>	<b>1,310.00</b>	<b>13,10,00,000</b>	<b>1,310.00</b>

9.1 Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year :

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	₹ in Mn	Number of shares	₹ in Mn
Shares outstanding at the beginning of the year	13,10,00,000	1,310.00	13,10,00,000	1,310.00
Shares issued during the year				
<b>Shares outstanding at the end of the year</b>	<b>13,10,00,000</b>	<b>1,310.00</b>	<b>13,10,00,000</b>	<b>1,310.00</b>

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

Particulars	As at March 31, 2019	As at March 31, 2018
IL&FS Transportation Networks Limited, the holding company	13,09,86,900	13,09,86,900

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

Equity Shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
IL&FS Transportation Networks Limited, the holding Company	13,09,86,900	99.99%	13,09,86,900	99.99%
<b>Total</b>	<b>13,09,86,900</b>	<b>99.99%</b>	<b>13,09,86,900</b>	<b>99.99%</b>

9.4 The Company has one class of equity shares with face value of ₹ 10 each fully paid-up. Each shareholder has a voting right in proportion to his holding in the paid-up equity share capital of the Company.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Where final dividend is proposed by the Board of Directors, it is subject to the approval of the shareholders in the Annual General Meeting.

10. Other Equity

Particulars	₹ in Mn	
	As at March 31, 2019	As at March 31, 2018
<b>Deemed Equity</b>		
Balance at beginning of the year	1,285.40	1,285.40
Addition during the year	-	-
<b>Balance at end of the year</b>	<b>1,285.40</b>	<b>1,285.40</b>
<b>Retained earnings</b>		
Loss at beginning of year	(1,904.33)	(1,682.02)
Profit (Loss) for the year	(1,654.01)	(222.31)
<b>Balance at end of the year</b>	<b>(3,558.35)</b>	<b>(1,904.33)</b>
<b>Sub-Total</b>	<b>(2,272.95)</b>	<b>(618.93)</b>
<b>Total</b>	<b>(2,272.95)</b>	<b>(618.93)</b>



11. Borrowings

Particulars	As at March 31, 2019			As at March 31, 2018		
	Long-term	Current portion	Short-term	Long-term	Current portion	Short-term
<b>Secured – at amortised cost</b>						
(i) Bonds / debentures (refer Footnote 3)						
- from other parties						
a) 8.50% Redeemable NCD - Series A	3,898.32	400.00	-	4,640.05	390.90	-
b) 8.75% Redeemable NCD - Series B	1,387.51	150.00	-	1,449.34	95.64	-
(ii) Term loans						
- from related parties	210.04	-	-	199.91	-	-
<b>Unsecured – at amortised cost</b>						
(i) Term loans	-	-	-	-	-	-
- from related parties	621.73	-	1,299.34	591.74	-	1,264.66
<b>Total</b>	<b>6,117.60</b>	<b>550.00</b>	<b>1,299.34</b>	<b>6,881.04</b>	<b>486.54</b>	<b>1,264.66</b>
Less: Current maturities of long term debt clubbed under "other current liabilities"	-	550.00	-	-	486.54	-
<b>Total</b>	<b>6,117.60</b>	<b>-</b>	<b>1,299.34</b>	<b>6,881.04</b>	<b>-</b>	<b>1,264.66</b>

11.1 Summary of borrowing arrangements

Footnotes :

1. Security details	As at March 31, 2019		As at March 31, 2018	
	Long-term	Short-term	Long-term	Short-term
<b>Secured against:</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>	<b>Current</b>
Non Convertible Debentures (Refer Foot Note: i)	5,285.83	550.00	6,089.38	486.54
Term Loan (Refer Foot Note: ii)				
Loans from related parties	210.04	-	199.91	-
<b>Total</b>	<b>5,495.87</b>	<b>550.00</b>	<b>6,289.29</b>	<b>486.54</b>

Foot Note: i

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

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

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

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

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

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

(iv) assignment by way of Security in:

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

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

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

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

Foot Note: ii

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

2. The details of Unsecured Redeemable Non-Convertible Debentures [NCDs] :

Series of NCDs	Face value per NCD (₹)	Rate of interest % p.a.	Terms of repayment	Date of redemption	No. of NCDs issued	No. of NCDs outstanding	No. of NCDs outstanding
						As at March 31, 2019	As at March 31, 2018
Series AI	1,00,000	8.50	Bullet Repayment	October 13, 2017	4,000.00	-	-
Series BI	1,00,000	8.75	Bullet Repayment	October 13, 2017	2,400.00	-	-
Series BII	1,00,000	8.75	Bullet Repayment	April 13, 2018	450.00	-	450.00
Series AII	1,00,000	8.50	Bullet Repayment	April 13, 2018	2,000.00	-	2,000.00
Series AIII	1,00,000	8.50	Bullet Repayment	October 14, 2018	2,000.00	-	2,000.00
Series BIII	1,00,000	8.75	Bullet Repayment	October 14, 2018	550.00	-	550.00
Series AIV	1,00,000	8.50	Bullet Repayment	April 14, 2019	2,000.00	2,000.00	2,000.00
Series BIV	1,00,000	8.75	Bullet Repayment	April 14, 2019	700.00	700.00	700.00
Series AV	1,00,000	8.50	Bullet Repayment	October 14, 2019	2,000.00	2,000.00	2,000.00
Series BV	1,00,000	8.75	Bullet Repayment	October 14, 2019	800.00	800.00	800.00
Series AVI	1,00,000	8.50	Bullet Repayment	April 14, 2020	2,000.00	2,000.00	2,000.00
Series BVI	1,00,000	8.75	Bullet Repayment	April 14, 2020	900.00	900.00	900.00
Series AVII	1,00,000	8.50	Bullet Repayment	October 14, 2020	2,500.00	2,500.00	2,500.00
Series BVII	1,00,000	8.75	Bullet Repayment	October 14, 2020	550.00	550.00	550.00
Series BVIII	1,00,000	8.75	Bullet Repayment	April 14, 2021	550.00	550.00	550.00
Series AVIII	1,00,000	8.50	Bullet Repayment	April 14, 2021	2,600.00	2,600.00	2,600.00
Series BXI	1,00,000	8.75	Bullet Repayment	October 14, 2021	750.00	750.00	750.00
Series AIX	1,00,000	8.50	Bullet Repayment	October 14, 2021	2,500.00	2,500.00	2,500.00
Series AX	1,00,000	8.50	Bullet Repayment	April 14, 2022	2,400.00	2,400.00	2,400.00
Series BX	1,00,000	8.75	Bullet Repayment	April 14, 2022	950.00	950.00	950.00
Series AXI	1,00,000	8.50	Bullet Repayment	October 14, 2022	2,500.00	2,500.00	2,500.00
Series BXI	1,00,000	8.75	Bullet Repayment	October 14, 2022	1,000.00	1,000.00	1,000.00
Series AXII	1,00,000	8.50	Bullet Repayment	April 14, 2023	2,500.00	2,500.00	2,500.00
Series BXII	1,00,000	8.75	Bullet Repayment	April 14, 2023	1,100.00	1,100.00	1,100.00
Series BXIII	1,00,000	8.75	Bullet Repayment	October 13, 2023	800.00	800.00	800.00
Series AXIII	1,00,000	8.50	Bullet Repayment	October 13, 2023	2,900.00	2,900.00	2,900.00
Series AXIV	1,00,000	8.50	Bullet Repayment	April 12, 2024	2,600.00	2,600.00	2,600.00
Series BXIV	1,00,000	8.75	Bullet Repayment	April 12, 2024	1,000.00	1,000.00	1,000.00
Series BXV	1,00,000	8.75	Bullet Repayment	October 14, 2024	700.00	700.00	700.00
Series AXV	1,00,000	8.50	Bullet Repayment	October 14, 2024	3,000.00	3,000.00	3,000.00
Series AXVI	1,00,000	8.50	Bullet Repayment	April 14, 2025	3,000.00	3,000.00	3,000.00
Series BXVI	1,00,000	8.75	Bullet Repayment	April 14, 2025	850.00	850.00	850.00
Series AXVII	1,00,000	8.50	Bullet Repayment	October 14, 2025	3,000.00	3,000.00	3,000.00
Series BXVII	1,00,000	8.75	Bullet Repayment	October 14, 2025	1,000.00	1,000.00	1,000.00
Series BXVIII	1,00,000	8.75	Bullet Repayment	April 14, 2026	1,050.00	1,050.00	1,050.00
Series AXVIII	1,00,000	8.50	Bullet Repayment	April 14, 2026	3,100.00	3,100.00	3,100.00
Series BXIX	1,00,000	8.75	Bullet Repayment	October 14, 2026	850.00	850.00	850.00
Series AXIX	1,00,000	8.50	Bullet Repayment	October 14, 2026	3,500.00	3,500.00	3,500.00
Series AXX	1,00,000	8.50	Bullet Repayment	April 14, 2027	3,700.00	3,700.00	3,700.00
Series BXX	1,00,000	8.75	Bullet Repayment	April 14, 2027	750.00	750.00	750.00
<b>Total</b>					<b>2,41,500</b>	<b>60,100</b>	<b>65,100</b>

3. Age-wise analysis and Repayment terms of the Company's Long term Borrowings are as below:

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
	₹ in Mn	₹ in Mn	Frequency of Repayment*	Frequency of Repayment*
Less than 1 year	550.00	500.00	SA	SA
1-3 Years	1,235.00	1,145.00	SA	SA
3 to 5 years	1,415.00	1,325.00	SA	SA
5+ years	2,810.00	3,540.00	SA	SA
<b>Total</b>	<b>6,010.00</b>	<b>6,510.00</b>		

QT = Quarterly, Y = Yearly, SA = Semi Annually and B = Bullet repayment

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

a) Unsecured Loan from Promoters & Group companies.

Name of the lenders	Loan amount	Tenor	Interest rate	Repayment Date
IL&FS Transportation Networks Limited	1,299.34	12 months	12.70% - 13.25%	Different Date based on disbursement
IL&FS Transportation Networks Limited	500.00	15 years	0.0%	30th June 2028
IL&FS Transportation Networks Limited	1,480.00	14 years	0.0%	30th June 2028
<b>Total</b>	<b>3,279.34</b>			

b) Period and amount of default as on Balance Sheet date in repayment of borrowing and interest.

Lender Name	Nature of due (Principal/Interest)	Amount in Mn	Dues since
ITNL	Principal	70.00	30-Dec-18
ITNL	Principal	105.49	31-Mar-19
ITNL	Interest	40.26	31-Dec-18
ITNL	Interest	39.39	31-Mar-19

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of Financial Statements for the year ended March 31, 2019

## 12. Other financial liabilities

₹ in Mn

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non Current	Current	Non Current	Current
Current maturities of long-term debt		550.00		486.54
Interest accrued & Due				
i) Related		267.64		184.44
<b>Total</b>	-	<b>817.64</b>	-	<b>670.98</b>

## 13. Other liabilities

₹ in Mn

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non Current	Current	Non Current	Current
(a) Other Advance received		-		0.50
(b) Others				
Statutory dues		0.43		4.17
<b>Total</b>	-	<b>0.43</b>	-	<b>4.67</b>

## 14. Trade payables

₹ in Mn

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non Current	Current	Non Current	Current
a) Total Outstanding dues of Micro enterprises and Small Enterprises	-	-	-	-
b) Total Outstanding dues of creditors other than micro enterprises and small Enterprises				
Related	-	262.33	-	287.99
Other	-	6.00	-	4.19
<b>Total</b>	-	<b>268.34</b>	-	<b>292.18</b>

## 15. Current tax assets and liabilities

₹ in Mn

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non Current	Current	Non Current	Current
<b>Current tax assets</b>				
Advance payment of taxes		42.67		64.18
<b>Total</b>	-	<b>42.67</b>	-	<b>64.18</b>

16. Revenue from operations

Particulars	₹ in Mn	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) Operation and maintenance income	67.87	26.31
(b) Finance income	718.52	617.96
(c) Overlay Income	70.23	34.70
(d) Construction Income - Change of Scope	2.39	-
<b>Total</b>	<b>859.01</b>	<b>678.97</b>

17. Other Income

Particulars	₹ in Mn	
	Year ended March 31, 2019	Year ended March 31, 2018
Interest on short term deposit	5.83	41.13
Profit on sale of Mutual Fund	8.98	-
Gain on disposal of property, plant and equipment	0.00	-
Interest on Income Tax Refund	5.09	-
Net gain/(loss) arising on financial assets designated as at FVTPL	40.54	-
<b>Total</b>	<b>60.44</b>	<b>41.13</b>

18. Operating Expenses

Particulars	₹ in Mn	
	Year ended March 31, 2019	Year ended March 31, 2018
Operation and maintenance expenses	61.96	24.59
Periodic maintenance expenses	65.64	32.43
Construction cost - Change of Scope	1.11	-
<b>Total</b>	<b>128.71</b>	<b>57.02</b>

19. Finance costs

Particulars	₹ in Mn	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) Interest costs		
Interest on Related Party	130.06	227.73
Interest on debentures	306.59	632.11
(b) Other borrowing costs		
Finance charges	1.99	2.07
<b>Total</b>	<b>438.64</b>	<b>861.91</b>

Foot note : In view of imposition of moratorium by NCLAT vide its order dated 15th Oct 2018, the company have not made provision for interest on funds borrowed Details of the same is as under:

Particulars	16-10-2018 to 31-03-19
<b>Interest due to</b>	
- Debentures	239.53
IL & FS Transportation Networks Ltd (Short Term Loan)	76.93
IL & FS Transportation Networks Ltd (Long Term)	33.83

20. Depreciation and amortisation expense

Particulars	₹ in Mn	
	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment	0.01	0.01
<b>Total depreciation and amortisation</b>	<b>0.01</b>	<b>0.01</b>

21. Other expenses

Particulars	₹ in Mn	
	Year ended March 31, 2019	Year ended March 31, 2018
Legal and consultation fees	15.92	15.49
Travelling and conveyance	-	0.21
Rates and taxes	0.66	0.02
Repairs and maintenance	-	0.46
Bank commission	0.01	0.18
Communication expenses	0.00	0.00
Insurance	0.00	0.00
Directors' fees	0.53	0.82
Loss on sale of fixed assets	0.00	-
Payment to auditors (Refer Note 21.1)	0.78	0.72
Provision for doubtful debts and receivables	7.69	-
Miscellaneous expenses	0.02	0.07
<b>Total</b>	<b>25.61</b>	<b>17.97</b>

21.1 Payments to auditors

Particulars	₹ in Mn	
	Year ended March 31, 2019	Year ended March 31, 2018
a) For audit	0.39	0.37
b) For tax audit	0.13	-
c) For reimbursement of expenses	0.08	-
d) For other services	0.18	0.36
<b>Total</b>	<b>0.78</b>	<b>0.72</b>

Note : Tax audit fee amounting Rs 0.13 Mn provided in previous year were included under professional fees (as tax auditor was different than statutory auditor). Later on pursuant to Appointment of statutory auditor as tax auditor, the same has been paid to statutory auditor.

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

Notes forming part of Financial Statements for the year ended March 31, 2019

**22. Earnings per share**

Particulars	Unit	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the year attributable to owners of the Company	₹ in Mn	(1,654.01)	(222.31)
Weighted average number of equity shares	Number	13,10,00,000	13,10,00,000
Nominal value per equity share	₹	10.00	10.00
<b>Basic / Diluted earnings per share</b>	₹	<b>(12.63)</b>	<b>(1.70)</b>

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED**

Notes forming part of Financial Statements for the year ended March 31, 2019

**23. Disclosure in respect of Construction Contracts**

₹ in Mn

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Contract revenue recognised as revenue during the year	-	-

₹ in Mn

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cumulative revenue recognised	11,105.98	11,105.98

**24. Commitments for expenditure**

₹ in Mn

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Estimated amount of contracts remaining to be executed on Operation and Maintenance and not provided for	723.26	354.74
(b) Estimated amount of contracts remaining to be executed on Overlay expenses and not provided for	1,341.76	712.59
<b>Total</b>	<b>2,065.02</b>	<b>1,067.33</b>

**25. Contingent liabilities and Letter of awareness and letter of financial support****25.1 Contingent liabilities**

₹ in Mn

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Claims against the Company not acknowledged as debt		
-Demand for Assessment Year 2011-12 for which the Company's appeal is pending with the appellate authority	1.70	1.70
-Demand for Assessment Year 2012-13 for which the Company's appeal is pending with the appellate authority	2.80	2.80

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED****Notes forming part of Financial Statements for the year ended March 31, 2019****26. Related Party Disclosures**

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

<b>Nature of Relationship</b>	<b>Name of Entity</b>	<b>Abbreviation used</b>	<b>March 2019</b>	<b>March 2018</b>
Ultimate Holding Company	Infrastruture Leasing & Financial Services	ILFS	√	√
Holding Company	IL&FS Transportation Networks Limited	ITNL	√	√
Fellow Subsidiaries (Only with whom there have been transaction during the period/ there was balance)	IL&FS Financial Services Limited	IFIN	√	√
Key Management Personnel ("KMP")	Gautam Tandasi (note a)	Manager	X	√
	Chandrakant Jagasia (note b)	Chief Financial Officer	X	√
	Dilip Darji (note c)	Company Secretary	√	√
	Sanjay Minglani (note d)	Director	X	√
	Vijay Kini	Director	√	√
	Sumathy Iyer	Director	√	√
	Prashant Agarwal (note e)	Director	X	√
	Sanjay Rane (note f)	Independent Director	X	√
	Milan Chakravati (note g)	Independent Director	X	√
	Capt. Swapan Paul (note h)	Independent Director	X	√
	Mallikarjun Baswanappa Bajulge (i)	Nominee Director	√	
	Parag Phanse (j)	Director	√	

Note:

- a) Mr. Gautam Tandasi resigned as Manager w.e.f March 4, 2019  
b) Mr Chandrakant Jagasia resigned as Chief Financial Officer w.e.f Sept 28, 2018  
c) Mr Dilip Darji resigned as a company secretary w.e.f April 22, 2019  
d) Mr. Sanjay Minglani resigned as a Director w.e.f March 29, 2019  
e) Mr. Prashant Agarwal resigned as a Director w.e.f March 23, 2019  
f) Mr. Sanjay Rane resigned as a Independent Director w.e.f December 28, 2018  
g) Mr. Milan Chakravati resigned as a Independent Director w.e.f December 28, 2018  
h) Mr. Capt. Swapan Paul resigned as a Independent Director w.e.f December 28, 2018  
i) Mr. Mallikarjun Baswanappa Bajulge appointed as a Nominee Director on 19th March 2019 and resigned w.e.f 6th April 2019  
j) Mr. Parag Phanse appointed as a Director w.e.f March 19, 2019

## HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of Financial Statements for the year ended March 31, 2019

## Related Party Disclosures (contd.)

Year ended March 31, 2019

(b) transactions/ balances with above mentioned related parties (mentioned in note 26 above)

	₹ in Mn				
Particulars	ITNL	ILFS	IFIN	KMP	Total
<b>Balance</b>					
Equity share Capital	1,309.87	-	-	-	1,309.87
Secured Loan - Subdebt	500.00	-	-	-	500.00
Unsecured Loan - Long Term	1,480.00	-	-	-	1,480.00
Unsecured Loan - Short Term	1,299.34	-	-	-	1,299.34
Interest Accrued and not due ST	261.07	-	-	-	261.07
Interest accrued but not due (1-10-18 to 15-10-18)	6.56				6.56
Prepaid Expenses (Finance Cost)	25.19	30.79	55.26	-	111.24
Trade Payables	244.46	7.79	10.08	-	262.33
					-
Transactions					-
					-
Interest On Short Term Loan	83.03	-	-	-	83.03
Interest On Short Term Loan (1-10-18 to 15-10-18)	6.91				6.91
Operating Expenses (Other than Construction Cost)	56.26	-	-	-	56.26
Finance Cost (transfer from prepaid)	5.86	7.16	12.86		25.89
Insurance Claim	2.46				2.46
Periodic Maintenance Cost (Overlay Exp)	65.64	-	-	-	65.64
Unsecured Loan - Short Term	34.68				34.68
Director Sitting Fees (Sanjay Minglani)	-	-	-	0.02	0.02
Director Sitting Fees (Vijay Kini)	-	-	-	0.06	0.06
Director Sitting Fees (Sumathy Iyer)	-	-	-	0.02	0.02
Director Sitting Fees (Prashant Agarwal)	-	-	-	0.02	0.02
Independent Director (Sanjay Rane)	-	-	-	0.13	0.13
Independent Director (Milan Chakravaty)	-	-	-	0.13	0.13
Independent Director (Capt. Swapan Paul)	-	-	-	0.07	0.07

Year ended March 31, 2018

(b) transactions/ balances with above mentioned related parties (mentioned in note 26 above)

	₹ in Mn				
Particulars	ITNL	ILFS	IFIN	KMP	Total
<b>Balance</b>					
Equity share Capital	1,309.87	-	-	-	1,309.87
Secured Loan - Subdebt	500.00	-	-	-	500.00
Unsecured Loan - Long Term	1,480.00	-	-	-	1,480.00
Unsecured Loan - Short Term	1,264.66	-	-	-	1,264.66
Interest Accrued and not due ST	184.44	-	-	-	184.44
Trade Payables	235.43	42.47	10.08		287.99
					-
Transactions					-
					-
Interest on Loans (Expense)	162.85	-	-	-	162.85
Operating Expenses (Other than Construction Cost)	26.16	-	-	-	26.16
Finance Cost	37.97	46.40	42.19		126.56
Professional Fees	-	-	0.35		0.35
Deputation Cost	1.67	-	-		1.67
Periodic Maintenance Cost	36.32	-	-		36.32
Repayment of Lendings	71.52	-	-		71.52
Borrowings	28.85	-	-		28.85
Director Sitting Fees (Sanjay Minglani)	-	-	-	0.04	0.04
Director Sitting Fees (Vijay Kini)	-	-	-	0.15	0.15
Director Sitting Fees (Sumathy Iyer)	-	-	-	0.06	0.06
Director Sitting Fees (Prashant Agarwal)	-	-	-	0.06	0.06
Independent Director (Sanjay Rane)	-	-	-	0.16	0.16
Independent Director (Milan Chakravaty)	-	-	-	0.16	0.16
Independent Director (Capt. Swapan Paul)	-	-	-	0.07	0.07
					-



**HAZARIBAGH RANCHI EXPRESSWAY LIMITED****Notes forming part of Financial Statements for the year ended March 31, 2019****27 Debt Servicing and Interest Accrual :**

National Company Law Appellate Tribunal ("NCLAT") had passed an order on October 15, 2018 ("Interim Order") in Company Appeal (AT) 346 of 2018, imposing moratorium on the creditors of IL&FS and its 348 group companies, which includes the Company. Further, NCLAT vide its order dated February 11, 2019 had also classified the Company under the "Amber Category" based on a 12 month cash flow solvency test, indicating it is not in a position to discharge its entire Debt as and when due. Accordingly, the Company is permitted to make only those payments necessary to maintain and preserve the going concern status. The Company has stopped payment of principal and interest to financial creditors from Oct 15, 2018. NCLAT vide its order dated March 12, 2020, had upheld its interim order of October 15, 2018. The said order specifies October 15, 2018 as the date of initiation of the Resolution Process of the Company. Accordingly the Company has not accrued any interest amounting to INR 350.30 Million, default interest, penal interest and any other similar charges after the said cut off date of October 15, 2018.

**28 Going Concern**

Union of India has superseded the earlier board of Holding/Ultimate Holding Company and appointed new Board from October 01, 2018. Entire Group is going through severe financial stress. National Company Law Appellate Tribunal ("NCLAT") had passed an order on October 15, 2018 ("Interim Order") in Company Appeal (AT) 346 of 2018, imposing moratorium on the creditors of IL&FS and its 348 group companies, which includes the Company. Further, NCLAT vide its order dated February 11, 2019 has also classified the Company under the "Amber Category" based on a 12 month cash flow solvency test, which means that the Company is able to meet only financial obligation towards Senior Lenders and operational creditors. In view of this classification and the moratorium order, the Company has stopped servicing financial obligations towards all its financial creditors. The Company has received a bid from third party and the same has been accepted by the Board of ITNL & IL&FS (the ultimate Holding Company). Hence on the basis of above, these accounts are prepared on the basis of going concern.

**29. Modification Loss**

Based on the current assessment of the project, estimates of periodic maintenance cost has been changed. This alongwith other factors (such as increase on O&M Cost due to GST impact, delay in receipt of annuities) has resulted into modification loss of Rs 913.19 million in accordance with the principle of IND-AS 109

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED****Notes forming part of Financial Statements for the year ended March 31, 2019****Note - 30****Significant terms of Service Concession Arrangements.**

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

**31. Segment Reporting**

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

**32. Previous year**

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

**HAZARIBAGH RANCHI EXPRESSWAY LIMITED****Notes forming part of Financial Statements for the year ended March 31, 2019****33. Financial instruments****33.1 Capital management**

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

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

**33.1.1 Capital Gearing Ratio**

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

Particulars	Rs. In Million	
	As at March 31, 2019	As at March 31, 2018
Debt	8,234.58	8,816.68
Cash and Bank Balances	26.97	1,306.66
<b>Net Debt (A)</b>	<b>8,207.61</b>	<b>7,510.02</b>
<b>Equity (B)</b>	<b>(962.95)</b>	<b>691.07</b>
<b>Net Debt to Equity Ratio in times (A/B)</b>	<b>(8.52)</b>	<b>10.87</b>

(i) Debt is defined as long-term, current maturity of long term, short term borrowings and interest accrued thereon as detailed in Note 11 & Note 12.

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

**33.2 Categories of financial instruments**

Particulars	Rs. In Million	
	As at March 31, 2019	As at March 31, 2018
<b>Financial assets</b>		
<u>Financial Assets measured at amortised cost</u>		
Cash and bank balances	26.97	1,306.66
Receivables under service concession arrangements	6,644.24	8,405.34
Others	816.04	14.14
<b>Financial liabilities</b>		
<u>Financial Liabilities measured at amortised cost</u>		
Borrowings (including Interest Accrued)	8,234.58	8,816.68
Trade Payables	268.34	292.18

**33.3 Financial risk management objectives**

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

**33.4 Market risk**

The company's activities expose it primarily to the financial risks of changes in interest rates.

There has been no significant change to the company's exposure to market risks or the manner in which these risks are managed and measured.

**33.4 Interest rate risk management**

Company is paying interest at fixed rate. Hence, does not exposed to interest risk management.

The company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

**33.4.1 Interest rate sensitivity analysis**

Company is paying at fixed interest rate, the interest rate sensitivity is not applicable.

**33.5 Credit risk management**

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

### 33.6 Liquidity risk management

#### 33.6.1 Liquidity and interest risk tables

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

Particulars	Rs. In Million					
	As at March 31, 2019			As at March 31, 2018		
	Non-interest bearing	Variable interest rate instruments	Fixed interest rate instruments	Non-interest bearing	Variable interest rate instruments	Fixed interest rate instruments
Less than 1 year	268.34	-	-	292.18	-	2,548.84
1-3 Years	-	-	5,274.17	-	-	1,055.52
3 to 5 years	-	-	1,972.78	-	-	1,051.11
5+ years	831.77	-	2,353.27	791.66	-	6,401.16
<b>Total</b>	<b>1,100.11</b>	<b>-</b>	<b>9,600.22</b>	<b>1,083.84</b>	<b>-</b>	<b>11,056.63</b>
Carrying Value	1,100.11	-	7,402.81	1,083.84	-	8,025.02
Weighted Average Interest Rate	0.00%	0%	10.06%	0.00%	0.00%	10.03%

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

Particulars	Rs. In Million					
	As at March 31, 2019			As at March 31, 2018		
	Non-interest bearing	Variable interest rate instruments	Fixed interest rate instruments	Non-interest bearing	Variable interest rate instruments	Fixed interest rate instruments
Less than 1 year	35.46	-	1,250.91	14.32	-	2,521.43
1-3 Years	-	-	2,527.85	-	-	2,379.20
3 to 5 years	-	-	2,399.00	-	-	2,358.97
5+ years	0.81	-	3,784.23	0.81	-	5,759.14
<b>Total</b>	<b>36.26</b>	<b>-</b>	<b>9,961.99</b>	<b>15.12</b>	<b>-</b>	<b>13,018.73</b>
Carrying Value	36.26	-	6,644	15.12	-	9,711

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

#### 33.6.2 Financing facilities

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

### 33.7 Fair value measurements

#### 33.7.1 Fair value measurements

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

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

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

	Rs. In Million			
	As at March 31, 2019		As at March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Financial assets at amortised cost:	6,644.24	6,644.24	8,405.34	8,405.34
Receivables under service concession arrangements	6,644.24	6,644.24	8,405.34	8,405.34
<b>Financial liabilities</b>				
Financial liabilities held at amortised cost:	8,234.58	8,234.58	8,816.68	8,816.68
Borrowings (including Interest Accrued)	8,234.58	8,234.58	8,816.68	8,816.68

**34. Impairment of Financial Assets**

IL & FS Board has been working on a resolution plan, with a view to enable value preservation for stakeholders of IL & FS group. The resolution plan, inter alia, involves sale of assets / business / companies owned by IL & FS Group. Further, in this regard, IL & FS Board has on December 21, 2018 invited public Expression of interest (EOI) as part of the divestment process. The Company has received a bid from an external party and the same has been accepted by the Board of Directors of ITNL and IL&FS (the ultimate holding Company). While the final price is subject to various adjustments, the Company has used the bid price to determine the fair value of the asset. Shortfall in the value of the bid (after adjustment of NHAI claim for negative scope of work amounting Rs 465.5 mn) as compared to the carrying cost of the assets in the books of the Company as on March 31, 2019 has been recognized as impairment in the value of these assets in the financial statement. Pursuant to interpretation of certain clauses contained in the sub-ordination agreement signed by the Company with the Debenture Trustee, the Claim Management Advisor appointed by the IL&FS Group, had not admitted the claim of Rs 327 Cr made by ITNL (the parent entity) against the Company, in respect of unsecured loans advanced by ITNL to the Company. The Company understands that ITNL has made various representations in this respect and the matter is pending adjudication. Pending resolution of the said matter and other objections in connection with the resolution framework, the Senior lenders of the company did not participate in the Voting for the 1st Committee of Creditors meeting held on November 5, 2019 on the resolutions seeking approval for the bid value as well as other aspects relating to the said bid. In view of the above developments, the bid is yet to be accepted by the CoC.

**35. Order of NCLT for re-opening and re-casting of financial statements :**

The National Company Law Tribunal ("NCLT"), vide order dated January 1, 2019, had allowed a petition filed by the Union of India, for re-opening of the books of accounts and re-casting the financial statements under the provisions of Section 130 of the Companies Act, 2013 for the financial years from 2012-13 to 2017-18, of Infrastructure Leasing & Financial Services Limited ("IL&FS"), and its subsidiaries namely IL&FS Financial Services Limited ("IFIN") and IL&FS Transportation Networks Limited ("ITNL"), the parent Company. The said exercise is going on and not yet concluded. Pending completion of the exercise the Management is not able to determine any impact on these financial statements of the Company.

**36. Investigations by Serious Fraud Investigation Office ("SFIO") and other regulatory agencies :**

The Ministry of Corporate Affairs (MCA), Government of India, has vide its letter dated October 1, 2018 initiated investigation by Serious Fraud Investigation Office (SFIO) against IL&FS and its group companies under Section 212 (1) of the Companies Act, 2013. As a part of its investigation, SFIO has been seeking information from the Company on an ongoing basis. The investigation is in progress and the Company is fully cooperating with the investigating agencies. The implications if any, arising from the aforesaid developments would be known only after the aforesaid matters are concluded and hence are not determinable at this stage.

**37. Forensic Examination :**

The Board of Directors of IL & FS (ultimate holding Company) in January, 2019 initiated a forensic examination for the period from April 2013 to September 2018, in relation to the certain Companies of the Group, and has appointed an independent third party for performing the forensic audit and to report the findings. The Company is not in the list of Companies identified by the Board of Directors of IL & FS for forensic audit. The independent third party has submitted their interim report in relation to the audit of ITNL (the holding Company) and the observations contained therein related primarily to the operations of ITNL

Given that the report is interim in nature and pending full completion of the examination, specific adjustment if any related to the Company arising from the said forensic audit of ITNL, has not been determined. Hence no adjustments have been recorded in these financial statements for any consequential effects / matters that may arise in this regard.

**38. Creditors Claim Process :**

Pursuant to the “Third Progress Report – Proposed Resolution Framework for the IL&FS Group” dated 17 December, 2018 and the “Addendum to the Third Progress Report – Proposed Resolution Framework for IL&FS Group” dated January 15, 2019 (“Resolution Framework Report”) submitted by the Company to the Ministry of Corporate Affairs, Government of India which, in turn, was filed with the Hon’ble National Company Law Appellate Tribunal (“NCLAT”), the creditors of the Company were invited (via advertisement(s) dated May 22, 2019) to submit their claims as at October 15, 2018 with proof, on or before 5 June, 2019 (later extended till February 5, 2020)) to a Claims Management Advisor (“CMA”) appointed by the IL&FS Group. The amounts claimed by the financial and operational creditors are assessed for admission by the CMA.

The CMA, vide their various communications to the management of the Company, have submitted their report on the status of the claims received and its admission status. The report is subject to updation based on additional information / clarification that may be received from the creditors in due course.

Management of the Company is in the process of reviewing the claims made by third parties with the CMA, and reconciliation of such claims with the corresponding amounts as per the Company’s books of account. Having regard to the nature, volume and value of claims received, management is of the view that due process will need to be applied to all such claims, in order to finally determine the level of present obligations that would need to be recognised by the Company as liabilities. Accordingly, no adjustments have been made in this regard to these financial statements.

**39. Non-compliance of applicable laws and regulations :**

As a consequence of the matter above and various other matters discussed in these financial statements, the Company is not in compliance with various laws and regulations, including but not limited to the Companies Act 2013. Management is in the process of evaluating the financial and other consequences arising from such non-compliance and of making a comprehensive assessment of other non-compliances, to determine the impact / consequences, including financial and operational impact, of such non-compliances on the Company. Pending final determination and assessment thereof, no adjustments have been made to these Financial Statements.

**40. Approval of financial statements**

The Financial statements were approved for issue by the Board of Directors on 21-Apr-2020

In terms of our report attached.

For Luthra & Luthra LLP

Chartered Accountants

Firm Registration No.002081N / N500092

For and on behalf of the Board

SD/-

Amit Luthra

Partner

Mem. No. : 85847

SD/-

Vijay Kini

Director

Din:06612768

SD/-

Parag Phanse

Director

Din: 08388809

Place: New Delhi

Date : 21/04/2020

Place: Mumbai

Date : 21/04/2020