

EAST HYDERABAD EXPRESSWAY LIMITED

ANNUAL REPORT

2012-13

DIRECTORS' REPORT

The Shareholders

EAST HYDERABAD EXPRESSWAY LIMITED

Your Directors have pleasure in presenting the Sixth Annual Report along with the Statements of Audited Accounts for the year ended March 31, 2013

FINANCIAL RESULTS

The financial results of the Company are as under:

(Amount in ₹)

	Year ended March 31, 2013	Year ended March 31, 2012
Total Income	666,087,829	875,627,335.00
Total Expenses	877,130,366	955,615,328.04
Profit/(Loss) Before Tax	(211,042,537)	(79,987,993)
Less: Provision for Tax	(863,310)	-
Profit /(Loss)After Tax	(210,179,227)	(79,987,993)
Balance carried forward	(296,728,602.48)	(86,549,375)

OPERATIONS:

Your Company continued to maintain the 8-lane access control expressway viz. Outer Ring Road in Hyderabad City to quality standards in accordance with the contractual requirements. The Company was awarded provisional completion certificate for the project effective March 1, 2011. The Company has received annuity payments amounting to ₹ 66.60 Crores during the year under review

DIVIDEND:

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

DIRECTORS:

In terms of the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. George Cherian, Director of the Company is liable to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for re-appointment. Your Directors recommend his re-appointment

AUDITORS:

M/s. Luthra & Luthra, Chartered Accountants, Statutory Auditors, retire at the ensuing Annual General Meeting and have expressed their willingness to continue as Statutory Auditors, if re-appointed

DEPOSITS:

Your Company has not accepted any Fixed Deposits during the year under review

CORPORATE GOVERNANCE:

Four Board Meetings were held during the period under review on April 19, 2012, July 19, 2012, October 18, 2012 and January 18, 2013. The numbers of meetings attended by the Directors are as under:

Sr. No.	Name of Directors	No. of Board Meetings held during tenure	Meetings attended
1	Mr. Mukund Sapre	4	4
2	Mr. George Cherian	4	4
3	Mr J Prabhakar	4	0

The Audit Committee was constituted pursuant to the provisions of the Section 292A of the Companies Act, 1956. The Audit Committee is comprised of Mr. Mukund Sapre, Mr. George Cherian and Mr J Prabhakar. The Audit Committee met four times during the year under review on April 19, 2012, July 19, 2012, October 18, 2012 and January 18, 2013.

PARTICULARS OF EMPLOYEES:

There were no employees in respect of whom the information is required to be provided pursuant to Section 217(2A) of the Companies Act, 1956

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 (“the Act”) the Directors based on the representations received from the Operating Management, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have 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 the 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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

There was no earning or outgo of foreign exchange during the year under review.

Since your Company does not have any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable and hence not provided

ACKNOWLEDGMENTS:

The Directors place on record their appreciation for the support and co-operation received from various Government Authorities including the Hyderabad Urban Development Authority (HUDA) and other Regulatory Authorities, Banks, Financial Institutions and Shareholders of the Company

For and on behalf of the Board

SD/-
(Mukund Sapre)

SD/-
(George Cherian)

Date : April 18, 2013
Place : Mumbai

AUDITORS' REPORT

To the Members of
East Hyderabad Expressway Limited
Mumbai

We have audited the accompanying financial statement of East Hyderabad Expressway Limited ("the Company") which comprises the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
and



- ii. in the case of the Statement of Profit and Loss, of the loss for the year ended on that date.
- iii. In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies' Auditors Report Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the said Order, to the extent applicable to the company.
2. As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books;
 - (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
 - (e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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



Akhilesh Gupta
Partner

M. No. 89909

Place : Mumbai
Date : 18th April, 2013

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. a. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b. As per the information and explanations given to us, fixed assets have been physically verified by the Management at reasonable intervals, and no discrepancy was noticed.
c. The company has not disposed off substantial part of fixed assets during the year.
2. In our opinion and according to the information and explanation given to us, the Company has not taken / granted any secured or unsecured loan from / to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. We have not observed any failure on the part of the company to correct major weakness in internal control system.
4. As per the information and explanation given to us, there are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
5. According to the information and explanations given to us the company has not accepted deposits from the public.
6. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
7. According to the information and explanation given to us, the Central Government has prescribed the maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956. On the basis of certificate from the cost accountants certifying the maintenance of cost records, we are of the opinion that prima-facia, the Company has made and maintained the same to the extent applicable. We have broadly reviewed the books of account and records maintained by the Company. We have, however, not made detailed examination of these records with the view to determine that whether they are accurate and complete.
8. a. According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund; employees state insurance, income tax, sales tax, wealth tax, service tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues outstanding as at 31 March, 2013 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 disputed due on account of provident fund, investor education and protection fund; employees state insurance, sales tax, wealth tax, income tax, service tax and cess.
9. The Company has accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
10. As per the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
11. As per the information and explanation given to us, the company has not given any guarantee for loans taken by others from -bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
12. In our opinion and according to the information and explanation given to us, the Company has applied the term loan for the purpose for which the loan was obtained.
13. Fund raised on short- term basis has not been used for long-term investment and vice versa.
14. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies' Act 1956.
15. The company has not raised money by public issue during the year.
16. Based upon the audit procedures performed and information and explanations given by the management, no fraud on or by the company has been noticed or reported during the year.
17. Other clauses i.e. (ii), (xii), (xiii), (xiv) & (xix) of the order are not applicable to the Company.

Place: Mumbai
Date : 18th April, 2013

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


Akhilesh Gupta
Partner
(M. No. 89909)



EAST HYDERABAD EXPRESSWAY LIMITED

Notes to Financial Statement for year ended March 31, 2013

Note No. 1 – Background and Significant Accounting Policies

(a) Background

The Company was incorporated under the Companies Act, 1956 on July 5, 2007. It was issued "Certificate of Commencement of Business" on September 28, 2007. The Company is a special purpose vehicle promoted by IL&FS Transportation Networks Limited. The Company entered into a Concession Agreement with Hyderabad Urban Development Authority ("HUDA") on August 3, 2007. Under the terms of Agreement, the Company has obtained concession to Design, Construct, Develop, Finance, Operate and Maintain eight lane access control expressway under Phase II A programme as an extension of Phase I for outer ring road to Hyderabad city in the State of Andhra Pradesh on Build, Operate and Transfer (Annuity) basis (hereinafter referred to as the Project).

(b) Significant Accounting Policies

1. Basis of preparation of Financial Statements

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles (GAAP) in India, the provisions of the Companies Act, 1956, and applicable accounting standards referred to in Section 211(3C) of Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognised on an accrual basis.

2. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the Management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements have been made relying on these estimates to a greater extent.

3. Revenue Recognition:

The Concession Agreement envisages Revenue in the form of semi-Annual payments of Annuity of a fixed sum on pre-determined dates. The company's right to Annuity is established once the Commercial Operation Date ("COD") is achieved. The Annuity is accounted in the books of account on accrual basis based on the annuity payment schedule.

4. Grant:

Grant from Hyderabad Urban Development Authority under the Concession Agreement towards project cost is treated as cash support and is considered as a part of capital reserve.



EAST HYDERABAD EXPRESSWAY LIMITED

Notes to Financial Statement for year ended March 31, 2013

5. Fixed Assets:

All fixed assets are stated at cost less accumulated depreciation. For this purpose, cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use. Assessment of indication of impairment of an asset is made as at the reporting date and impairment loss, if any is recognised.

6. Depreciation:

- (a) Assets individually costing Rs. 5,000 or less, mobile phones and items of soft furnishing are depreciated fully in the period when such assets are put to use.
- (b) Depreciation is provided pro-rata for the period of use of the Fixed Assets, under the Written Down Value Method in the manner and as per the rates prescribed under Schedule XIV to the Companies, Act, 1956, as amended from time to time except in the case of following assets. Company follows Straight Line Method of depreciation so as to write off 100% of the cost of the assets at rates higher than those prescribed under Schedule XIV to the Companies Act 1956, based on the Managements estimate of useful life of such assets:

Asset Type	Useful Life
Computers	4 Years
Specialised Office Equipment	3 Years
Assets Provided to Employees	3 Years
Licensed Software	Over the license period

- (c) Depreciation on the components of the Road is charged to the Statement of Profit and Loss on a straight-line basis over the period over which the respective component is expected to be overlaid or renewed (6 years). Depreciation on the remaining cost of the Road is provided from the date of commencement of commercial operation over the remaining concession period ending on December 9, 2022.

7. Capital Work-in-Progress:

Capital Work-in-progress includes direct and attributable expenses for construction project less interest income on temporary deployment of funds and other incidental income, if any. The capital work-in-progress shall be capitalized on completion of the construction of the road project and it being available for commercial use.



EAST HYDERABAD EXPRESSWAY LIMITED

Notes to Financial Statement for year ended March 31, 2013

8. Preliminary Expenditure:

Preliminary Expenses incurred on incorporation of the Company are fully written off to the Profit & Loss statement.

9. Borrowing Costs:

Borrowing Costs attributable to the construction of road are treated as a part of Capital Work in progress and the same are capitalized once the project is ready for commercial operations.

10. Accounting for Taxes on Income

Provision for current income tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and tax profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognized and carried forward only if there is a virtual/ reasonable certainty that the assets will be realized in future.

Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses only to the extent that there are timing difference, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date.

11. Impairment of Assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the company makes an estimate of the assets recoverable amount.

Impairment Loss is recognized whenever the carrying amount of an asset is in excess of its recoverable amount as an expense. The Impairment loss is recognized as an expense in the statement of Profit and Loss and carrying amount of the asset is reduced to its recoverable value.

12. Provisions, Contingent Liabilities and Assets:

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources. Contingent Assets are neither recognized nor disclosed.



EAST HYDERABAD EXPRESSWAY LIMITED

Notes to Financial Statement for year ended March 31, 2013

13. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby net profits / loss before tax are adjusted for the effect of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash flows from regular revenue generating; investing and financing activities are segregated.

Cash and cash equivalents in the cash flow statement comprises of cash at bank and in hand and term deposits with banks, if any.

14. Earnings per Share (EPS):

Basic Earnings per share is calculated by dividing the net profit/(loss) after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the year.

The number of shares used in computing Diluted EPS comprises the weighted average number of equity shares considered for deriving Basic EPS and also the weighted average number of equity shares that could have issued on the conversion of all Dilutive potential equity shares. Dilutive potential shares are deemed to be converted as at the beginning of the period unless issued at a later date.

15. Current/Non-Current Assets and Liabilities:

Assets are classified as current when it satisfies any of following criteria:

- 1) It is expected to be realized within twelve months after the reporting date,
- 2) It is held primarily for the purpose of being traded,
- 3) It is Cash or cash equivalent unless it restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as Non-current

Liabilities are classified as current when it satisfies any of following criteria:

- 4) It is expected to be settled within twelve months after the reporting date,
- 5) It is held primarily for the purpose of being traded,
- 6) The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as Non-current



EAST HYDERABAD EXPRESSWAY LIMITED
Balance Sheet As At March 31, 2013

	Particulars	Note	As At	
			March 31, 2013	March 31, 2012
I	EQUITY AND LIABILITIES			
1	SHAREHOLDERS' FUNDS			
	(a) Share capital	2	29,31,00,000	29,31,00,000
	(b) Reserves and surplus	3	47,97,71,398	68,99,50,625
			77,28,71,398	98,30,50,625
2	NON-CURRENT LIABILITIES			
	(a) Long-term borrowings	4	2,93,41,58,125	2,67,12,42,750
3	CURRENT LIABILITIES			
	(a) Short-term borrowings	5	7,25,00,000	47,00,00,000
	(b) Trade payables	6	2,43,39,286	64,74,208
	(c) Other current liabilities	7	44,49,33,482	41,33,08,689
	TOTAL		4,24,88,02,291	4,54,40,76,272
II	ASSETS			
1	NON CURRENT ASSETS			
	(a) Fixed assets	8		
	(i) Tangible assets		3,84,75,06,618	4,26,35,15,596
	(b) Long-term loans and advances	9	3,16,47,912	13,500
			3,87,91,54,530	4,26,35,29,096
2	CURRENT ASSETS			
	(a) Trade receivables	10	32,11,03,590	24,84,77,463
	(b) Cash and cash equivalents	11	47,20,712	53,29,595
	(c) Short-term loans and advances	12	4,38,23,459	2,67,40,118
	TOTAL		4,24,88,02,291	4,54,40,76,272

Notes 1 to 27 form part of the financial statements

In terms of our report attached.

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

Akilesh Gupta
Partner
Membership No. 089909
Place: Mumbai
Date: April 18, 2013

For and on behalf of the Board

Director

Director

Manager

EAST HYDERABAD EXPRESSWAY LIMITED
Statement of Profit and Loss for the Year Ended March 31, 2013

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Particulars		Note	Year ended March 31, 2013	Year ended March 31, 2012
I	Revenue from operations	13	66,60,00,000	87,32,00,000
II	Other income	14	87,829	24,27,335
III	Total revenue (I + II)		66,60,87,829	87,56,27,335
IV	Expenses			
	Operating expenses	15	2,71,75,777	2,63,70,274
	Employee benefit expenses	16	54,88,163	58,07,934
	Finance costs	17	41,10,60,315	45,88,81,506
	Other expenses	18	1,01,83,426	70,58,125
	Depreciation and amortization expense	8	42,32,22,685	45,74,97,489
	Total expenses		87,71,30,366	95,56,15,328
V	Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		(21,10,42,537)	(7,99,87,993)
VI	Add / (Less) : Exceptional items		-	-
VII	Profit / (Loss) before extraordinary items and tax (V-VI)		(21,10,42,537)	(7,99,87,993)
VIII	Add / (Less) : Extraordinary items		-	-
IX	Profit / (Loss) before tax (VII-VIII)		(21,10,42,537)	(7,99,87,993)
X	Tax expense:			
	(2) Tax relating to earlier period		(8,63,310)	-
	(3) Deferred tax asset		-	-
	Total tax expenses (X)		(8,63,310)	-
XI	Profit / (Loss) for the period (IX + X)		(21,01,79,227)	(7,99,87,993)
XII	Earnings per equity share (Face value per share Rupees 10/-):	20		
	(1) Basic		-7.17	-2.73
	(2) Diluted		-7.17	-2.73

Notes 1 to 27 form part of the financial statements

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

Akhilesh Gupta
Partner
Membership No. 089909
Place: Mumbai
Date: April 18, 2013

For and on behalf of the Board


Director


Director

Manager

EAST HYDERABAD EXPRESSWAY LIMITED
Cash Flow Statement for the year ended March 31, 2013

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Cash Flow from Operating Activities		
Profit / (Loss) Before Tax	(211,042,537)	(79,987,993)
Adjustments for :-		
Depreciation	423,222,685	457,497,489
Tax relating to earlier period	863,310	
Interest on fixed deposits	0	(2,427,335)
Loss on sale of fixed assets (net)	66,375	0
Miscellaneous Expenses	0	150,000
Interest and finance expense	411,060,315	458,881,506
Operating profit before Working Capital Changes	624,170,148	834,113,667
Adjustments / changes in working capital:		
Decrease / (Increase) in Other current assets, other non-current assets & Trade receivables	(92,748,381)	(240,429,063)
(Decrease) / Increase in Other current liabilities, other non-current liability & Trade payables	25,120,621	771,305
Cash Generated from / (used in) Operating Activities	556,542,388	594,455,909
Payment of Taxes	(28,595,499)	(2,061,475)
Net Cash generated from / (used in) Operating activity (A)	527,946,889	592,394,434
Cash flow from Investing Activities		
Capital expenditure on fixed assets (after adjustments of increase/decrease in payables for acquisition / construction of fixed assets and capital advance)	-	(84,336,880)
Interest on deposits	-	2,432,267
Purchase of fixed assets	(7,299,567)	(19,000)
Proceeds from sale of fixed assets	19,485	601,312
Net Cash (used in) / generated from Investing Activities (B)	(7,280,082)	(81,322,301)
Cash flow from Financing Activities		
Proceeds from Long Term Borrowings	520,000,000	-
Proceeds from Short Term Borrowings	557,500,000	295,000,000
Repayment of Long Term Borrowings	(232,715,375)	(208,565,500)
Repayment of Short Term Borrowings	(955,000,000)	(344,400,000)
Interest & Finance charges paid	(411,060,315)	(435,898,325)
Grant from HUDA	-	116,475,000
Net Cash from Financing Activities (C)	(521,275,690)	(577,388,825)
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(608,883)	(66,316,692)
Cash and Cash Equivalent at the beginning of the year	5,329,595	71,646,287
Cash and Cash Equivalent at the end of the year (Refer footnote)	4,720,712	5,329,595

Footnotes:

Reconciliation of Cash and cash equivalents with the Balance Sheet

Cash and cash equivalents as per Balance Sheet (Refer note 12)	4,720,712	5,329,595
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 Cash Flow Statements		-
Fixed deposits placed for periods exceeding 3 months		-
Cash and Cash Equivalent at the end of the year *	4,720,712	5,329,595
* Components of Cash & Cash Equivalent		
Cash on hand	17,326	36,392
Balances with banks		
- In Current accounts	4,703,386	5,293,203
- In Deposit accounts		-
Total	4,720,712	5,329,595

Notes 1 to 27 form part of the financial statements

For Luthra & Luthra

Chartered Accountants

Firm Registration No.: 002081N

Akhilesh Gupta
Partner

Membership No. 89909

Place: Mumbai

Date: April 18, 2013



For and on behalf of the Board

[Signature]
Director

[Signature]
Director

Manager

EAST HYDERABAD EXPRESSWAY LIMITED
Notes to Financial Statements for year ended March 31, 2013
Note 2: Share capital

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	₹	Number	₹
Authorised Equity Shares of Rupees 10/- each	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
Issued Equity Shares of Rupees 10/- each	2,93,10,000	29,31,00,000	2,93,10,000	29,31,00,000
Subscribed and Paid up Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii, and iii)	2,93,10,000	29,31,00,000	2,93,10,000	29,31,00,000
Total	2,93,10,000	29,31,00,000	2,93,10,000	29,31,00,000

Foot Notes:
i. Terms / Rights attached to Equity Shares

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

ii. Reconciliation of the number of shares outstanding at the beginning and at the end of the period / year

Particulars	As at March 31, 2013		As at March 31, 2012	
	Equity Shares		Equity Shares	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the period / year	2,93,10,000	29,31,00,000	2,93,10,000	29,31,00,000
Shares issued during the period / year	-	-	-	-
Shares bought back during the period / year	-	-	-	-
Shares outstanding at the end of the period / year	2,93,10,000	29,31,00,000	2,93,10,000	29,31,00,000

iii. Shareholding more than 5%

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
IL&FS Transportation Networks Limited (the Holding Company)	2,16,89,400	74%	2,16,89,400	74%
KMC Construction Limited (Company with significant influence)	29,31,000	10%	29,31,000	10%
KMC Infratech Limited (Company with significant influence)	46,89,600	16%	46,89,600	16%

iv. Shares held by holding company :

2,16,89,400 Equity Shares (Previous year 2,16,89,400) are held by IL&FS Transportation Networks Ltd, the holding company.

Note 3: Reserves and surplus

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Capital Reserve Grant from Hyderabad Urban Development Authority (HUDA)				
Balance as per last financial statements	77,65,00,000		66,00,25,000	
Reclassified during the year	-		11,64,75,000	
(+) Received during the period / year		77,65,00,000		77,65,00,000
Closing balance				
(b) Surplus in Statement of Profit and Loss				
Balance as per last financial statements	(8,65,49,375.48)		(65,61,382.44)	
(+) Profit / (Loss) for current year	(21,01,79,227.00)	(29,67,28,602.48)	(7,99,87,993.04)	(8,65,49,375.48)
Total		47,97,71,398		68,99,50,625



EAST HYDERABAD EXPRESSWAY LIMITED
Notes to Financial Statements for year ended March 31, 2013

Note 4: Long-term borrowings

Particulars	As at March 31, 2013		As at March 31, 2012	
Term Loans Secured				
From banks (refer footnote a,b,c)	1,51,80,08,125	2,41,41,58,125	2,30,49,42,750	2,67,12,42,750
From financial institutions (refer footnote a,b,c)	89,61,50,000		36,63,00,000	
Unsecured				
From banks (refer footnote "d")		52,00,00,000		-
Total		2,93,41,58,125		2,67,12,42,750

Footnote:

- a) Secured by hypothecation of:
- (i) All monies including Annuity receivables from Hyderabad Urban Development Authority ("HUDA") to the credit of the Escrow Account.
 - (ii) All rights, title, interest, benefits, claims, and demands of the Company under Project Agreements subject to the provisions of the Concession Agreement.
 - (iii) Assignment of rights, title and interest to or in favor of the lenders pursuant to and in accordance with the Substitution Agreement as per the provisions of the Financing Documents of the Project.
 - (iv) Assignment of Insurance policies in favour of Lenders.

b) Repayment Schedule (Secured Loan):

Payable in half yearly installments

Payable Financial Year ending	As at March 31, 2013	As at March 31, 2012
2012-13	-	23,26,30,750
2013-14	25,70,00,000	25,66,96,000
2014-15	27,32,00,000	27,27,39,500
2015-16	27,32,00,000	27,27,39,500
2016-17	32,90,00,000	32,88,91,750
2017-18	34,54,00,000	34,49,35,250
2018-19	37,70,00,000	37,70,22,250
2019-20	41,70,00,000	41,71,31,000
2020-21	39,93,58,125	40,10,87,500
Total	2,67,11,58,125	2,90,38,73,500

- c) Term loan of ₹ 25,70,00,000/- which is repayable during period F.Y.: 2013-14 (Previous year ₹ 23,26,30,750/- repayable during F.Y.: 2012-13) is classified under "Current maturity of long term debt"

Repayment Schedule (Unsecured Loan):

- d) Payable in seven half yearly installments

Payable Financial Year ending	As at March 31, 2013	As at March 31, 2012
2012-13	NA	NA
2013-14	-	NA
2014-15	7,42,85,714.29	NA
2015-16	14,85,71,429	NA
2016-17	14,85,71,429	NA
2017-18	14,85,71,429	NA
Total	52,00,00,000	-



EAST HYDERABAD EXPRESSWAY LIMITED
Notes to Financial Statements for year ended March 31, 2013

Note 5: Short-term borrowings

Particulars	As at March 31, 2013		As at March 31, 2012	
Loans and advances from related parties				
Unsecured	7,25,00,000	7,25,00,000	47,00,00,000	47,00,00,000
Total		7,25,00,000		47,00,00,000

Note 6: Trade payable

Particulars	As at March 31, 2013		As at March 31, 2012	
(b) Total outstanding dues other than (a) above				
Trade Payables				
To related parties	2,39,94,794		52,97,894	
To others	3,44,492	2,43,39,286	11,76,314	64,74,208
Total		2,43,39,286		64,74,208

Note 7: Other current liabilities

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Current maturities of long-term debt				
Term Loans				
Secured				
From banks (refer note no 4)	16,18,00,000		20,07,30,750	
From financial institutions	9,52,00,000	25,70,00,000	3,19,00,000	23,26,30,750
(b) Payable on account of capital expenditure				
To related parties	17,74,48,745		17,74,48,745	
To others	-	17,74,48,745	-	17,74,48,745
(c) Other liabilities (Refer footnote)				
Statutory Dues Payable	25,84,082		16,96,569	
Expenses Payables	79,00,655	1,04,84,737	15,32,625	32,29,194
Total		44,49,33,482		41,33,08,689

Footnote

According to the records available with the Company, there were no dues to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the end of the period with the interest paid / payable as required under the said Act have not been given.



EAST HYDERABAD EXPRESSWAY LIMITED
Notes to Financial Statements for year ended March 31, 2013

Note 8: Fixed assets

Particulars	Gross block				Depreciation			Net block	
	As at April 1, 2012	Additions	Disposals	As at March 31, 2013	As at April 1, 2012	Charge for the period	On disposals	As at March 31, 2013	Balance as at March 31, 2012
a) Tangible assets									
Road	4,72,02,07,203	72,99,567	-	4,72,75,06,770	45,72,15,574	42,30,96,407	-	88,03,11,981	4,26,29,91,629
Vehicles	5,88,583	-	-	5,88,583	4,02,078	48,286	-	4,50,364	1,86,505
Data processing equipments	3,90,940	-	-	3,90,940	3,38,311	37,790	-	3,76,101	52,629
Office equipments	2,86,520	-	-	2,86,520	1,85,132	14,103	-	1,99,235	1,01,388
Furniture and fixtures	5,29,955	-	1,95,664	3,34,291	3,46,510	26,099	1,09,804	2,62,805	1,83,445
Total	4,72,20,03,201	72,99,567	1,95,664	4,72,91,07,104	45,84,87,605	42,32,22,685	1,09,804	88,16,00,486	4,26,35,15,596
Grand total	4,72,20,03,201	72,99,567	1,95,664	4,72,91,07,104	45,84,87,605	42,32,22,685	1,09,804	88,16,00,486	4,26,35,15,596
Previous year	31,89,600	4,72,02,26,203	14,12,602	4,72,20,03,201	18,36,578	45,74,62,317	8,11,290	45,84,87,605	13,53,022



EAST HYDERABAD EXPRESSWAY LIMITED

Notes to Financial Statements for year ended March 31, 2013

Note 9: Long-term loans and advances

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Security Deposits				
Unsecured, considered good	12,500	12,500	13,500	13,500
(b) Other long term loans and advances				
Unsecured, considered good				
- Advance payment of taxes (net of provision)	1,56,66,890		-	
- Prepaid Expenses	1,59,68,522	3,16,35,412		
Total		3,16,47,912		13,500

Note 10: Trade receivables

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Trade receivables outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good	20,72,00,000	20,72,00,000	24,24,06,760	24,24,06,760
(b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	11,39,03,590	11,39,03,590	60,70,703	60,70,703
Total		32,11,03,590		24,84,77,463



EAST HYDERABAD EXPRESSWAY LIMITED**Notes to Financial Statements for year ended March 31, 2013****Note 11: Cash and cash equivalents**

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Cash on hand	17,326		36,392	
(b) Balances with banks				
- on Escrow / Current accounts (Refer footnote)	47,03,386		52,93,203	
- In Deposit accounts (maturity of less than 3 months)	-	47,20,712	-	53,29,595
Total		47,20,712		53,29,595
Foot note: As per the Concession agreement entered into by the Company, the Company is required to maintain an Escrow Account with the Lead Bank and route all the receipts on account of borrowings / capital contribution / earnings / other receipts and project related expenditure through the same.				

Note 12: Short-term loans and advances

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Capital Advances				
Unsecured, considered good	-	-	25,03,991	25,03,991
(b) Loans and advances to related parties				
Unsecured, considered good				
- Advance recoverable in cash or kind	2,13,11,759		2,13,11,759	
- Others	-	2,13,11,759	-	2,13,11,759
(c) Other loans and advances				
Unsecured, considered good				
- Advance payment of taxes (net of provision)	1,58,34,527		29,05,918	
- Prepaid Expenses	66,77,173	2,25,11,700	18,450	29,24,368
Total		4,38,23,459		2,67,40,118



EAST HYDERABAD EXPRESSWAY LIMITED

Notes to Financial Statements for year ended March 31, 2013

Note 13: Revenue from operations

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
Annuity Income		66,60,00,000		87,32,00,000
		66,60,00,000		87,32,00,000

Note 14: Other income

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
(a) Interest Income				
Interest on bank deposits	-		24,27,335	
Interest on Income Tax refund	87,829	87,829	-	24,27,335
		87,829		24,27,335



EAST HYDERABAD EXPRESSWAY LIMITED
Notes to Financial Statements for year ended March 31, 2013

Note 15: Operating expenses

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
Operation and maintenance expenses		2,71,75,777		2,63,70,274
Total		2,71,75,777		2,63,70,274

Note 16: Employee benefit expenses

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
(a) Deputed staff cost	54,88,163	54,88,163	58,07,934	58,07,934
Total		54,88,163		58,07,934

Note 17: Finance costs

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
(a) Interest expenses				
Interest on loans for fixed period	40,36,06,155	40,36,06,155	45,80,12,717	45,80,12,717
(b) Other borrowing costs				
Guarantee commission			6,42,497	
Finance charges-other than interest	74,54,160	74,54,160	2,26,292	
Total		41,10,60,315		45,88,81,506

Note 18: Other expenses

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
Legal and consultation fees	83,19,999		36,83,074	
Travelling and conveyance	1,30,777		3,17,735	
Rent	66,000		1,98,000	
Rates and taxes	4,115		4,144	
Repairs and maintenance - Others	6,100		16,304	
Registration expenses	19,900		-	
Communication expenses	74,683		1,57,566	
Insurance	30,418		97,095	
Printing and stationery	25,872		75,350	
Electricity charges	1,180		7,759	
Directors' fees	80,000		80,000	
Auditors' Remuneration (Refer foot note)	9,43,608		10,38,434	
Loss on sale of fixed assets (net)	66,375		-	
Miscellaneous expenses	4,14,399	1,01,83,426	13,82,664	70,58,125
Total		1,01,83,426		70,58,125

Auditors remuneration includes:

Sr No	Description	Year ended March 31,	Year ended March 31, 2012
1 As Auditor:			
	- Statutory Audit	8,43,751	9,41,413
	- Tax Audit	84,270	84,270
2 In other Capacity:			
	- Other Services	13,483	11,030
	- Reimbursement of expenses	2,104	1,721
	Total	9,43,608	10,38,434



EAST HYDERABAD EXPRESSWAY LIMITED

Notes to Financial Statements for year ended March 31, 2013

Note 19: Contingent liabilities, capital commitments & Other**A) Estimated amount of contracts remaining to be executed on capital and other account :**

Particulars (Description & name of party)		Year ended March 31, 2013	Year ended March 31, 2012
Capital Commitments		Nil	
Other Commitments			
Estimated amount of contracts to be executed on Operation & Maintenance (upto the end of concession period) and not provided for			
1	IL&FS Transportation Networks Limited	31,31,41,727	33,77,75,810
Estimated amount of contracts to be executed on Overlay cost & Maintenance (upto the end of concession period) and not provided for			
1	IL&FS Transportation Networks Limited	70,78,99,999	70,78,99,999

Note 20: Earnings per equity share

Particulars	Unit	Year ended March 31, 2013	Year ended March 31, 2012
Profit / (Loss) after tax	₹	(21,01,79,227.00)	(7,99,87,993.04)
Weighted number of Equity Shares outstanding	Numbers	2,93,10,000	2,93,10,000
Nominal Value of equity shares	₹	10	10
Basic Earnings per share		-7.17	-2.73
Equity shares used to compute diluted earnings per share		2,93,10,000	2,93,10,000
Diluted Earnings per share	₹	-7.17	-2.73



EAST HYDERABAD EXPRESSWAY LIMITED
Notes to Financial Statements for year ended March 31, 2013

Note 21: Related Party Disclosure

Related party Disclosures as per AS-18 on "Related Party Disclosure" in respect of the Company as on March 31, 2013 are as follows :

Name of the related parties and description of relationship:

Nature of Relationship	Name of Entity	Acronym used
Ultimate Holding Company	Infrastructure Leasing & Financial Services Limited	IL&FS
Holding Company	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries of Holding Company (with whom there have been transactions during the period)	IL&FS Trust Company Limited	ITCL
Enterprises having Significant Influence over EHEL	Elsamex India Pvt. Ltd	ELSAMEX
	KMC Constructions Limited	KMC
	KMC Infratech Ltd.	KIL
Key Management personnel	Palani Kumar-Manager	

Transactions / Balances with related parties as mentioned above

Account head	ITNL	KMC	IFIN	ITCL	ELSAMEX	KIL
Balances as at :						
OPE payable	45,73,032 (3,67,195)	- (-)	- (-)	- (-)	- (-)	- (-)
Short term loan	7,25,00,000 (47,00,00,000)	- (-)	- (-)	- (-)	- (-)	- (-)
Equity share capital	21,68,94,000 (21,68,94,000)	2,93,10,000 (2,93,10,000.00)	-	-	-	4,68,96,000 (4,68,96,000.00)
EPC & other cost payable	- (-)	3,90,85,896 (49,30,699)	- (-)	- (-)	- (-)	- (-)
Mobilization advance recoverable	- (-)	2,13,11,759 (2,13,11,759)	- (-)	- (-)	- (-)	- (-)
Retention payable against milestone payment & others	- (-)	17,74,48,745 (17,74,48,745)	- (-)	- (-)	- (-)	- (-)
Expenses recoverable made on behalf related party	- (-)	3,61,24,894 (3,11,26,999)	- (-)	- (-)	- (-)	- (-)
	-	-	-	-	-	-

Footnote:

Figures in brackets represent figures for the year ended March 31, 2012

Transactions :	ITNL	KMC	IFIN	ITCL	ELSAMEX	KIL
O&M fees charge	2,46,34,083 (2,31,64,220)	- (-)	- (-)	- (-)	- (-)	- (-)
Short term loan taken	55,75,00,000 (29,50,00,000)	- (-)	- (-)	- (-)	- (-)	- (-)
Short term loan repaid	95,50,00,000 (34,44,00,000)	- (-)	- (-)	- (-)	- (-)	- (-)
Interest on short term loan	7,39,13,657 (6,54,97,103)	- (-)	- (-)	- (-)	- (-)	- (-)
Security trusteeship fees charge	- (-)	- (-)	- (-)	1,12,360 (1,10,300)	- (-)	- (-)
Operation & Maintenance Expenses	-	-	-	-	12,93,234 (-)	-
Legal & professional Fees	-	-	33,70,800	-	-	-
Sale of fixed Asset	- (6,36,212)	- (-)	- (-)	- (-)	- (-)	- (-)
EPC Contract and related expenses charges	-	40,28,198 (4,04,07,297)	-	-	-	-
Expenses made on behalf related party	- (-)	49,97,895 (3,11,26,999)	- (-)	- (-)	- (-)	- (-)

Footnotes:

- 1) Reimbursement of cost is not included above
- 2) Figures in brackets represent figures for the period ended March 31, 2012



EAST HYDERABAD EXPRESSWAY LIMITED

Notes to Financial Statements for year ended March 31, 2013

Note 22: Directors' Remuneration

The Directors have been paid only sitting fees for the Board Meetings attended by them and not entitled to any remuneration from the Company.

Note 23: Segment Reporting

The Company is engaged in the business detailed in Note no 1 and thus operates in a single business segment. Also it operates in a single geographical segment. In the absence of separate reportable business or geographical segments, the disclosures required under Accounting Standard (AS)-17 on "Segment Reporting" specified by the Central Government are not applicable.

Note 24 :

The company has not taken any derivative instrument during the year and there is no derivative instrument outstanding as at the year end. Further, at the year end there is no outstanding foreign currency exposure in respect of receivables and payables.

Note 25 :

The account with EPC contractor, M/s KMC Construction Limited is under reconciliation and effect thereof will be recorded in the books as and when account is settled. The Company is holding Bank Guarantee of ₹ 6.26 Crs furnished by M/s KMC Construction Limited and also retention money of ₹ 177,448,745/-. Pending such reconciliation, the balance works of the project has been completed by the Company at an additional cost of ₹ 4,028,198(Previous Year Rs 31,126,999/-) and has been capitalized in the books of accounts.

Note 26:

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Note 27:

Deffered Tax Assest has not been recognized as the timing difference will reverse in tax holiday period.

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

Akhilesh Gupta
Partner
Membership No. 089909
Place: Mumbai
Date: April 18, 2013



For and on behalf of the Board


Director


Director

Manager