

**EAST HYDERABAD EXPRESSWAY LIMITED**

**FINANCIAL STATEMENT**

**2014-15**

**INDEPENDENT AUDITOR'S REPORT**

To The Members of  
East Hyderabad Expressway Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of East Hyderabad Expressway Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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



An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) 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 litigations on its financial position in its financial statement- Refer note 18 to financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Luthra & Luthra  
Chartered Accountants  
FRN: 002081N



Akhilesh Gupta  
Partner  
M.No: 89909

Place: Mumbai  
Date: April 29, 2015

**ANNEXURE TO THE AUDITORS' REPORT**

(Statement on the matters specified in Companies (Auditor's Report) Order, 2015)

1.
  - a. The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. As per the information and explanations given to us, fixed assets have been physically verified by the Management at reasonable intervals, and no discrepancy was noticed.
2. Clause (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 or other parties covered in the register maintained under Section 189 of the Companies Act 2013. Consequently, requirement of clauses (iiia) and (iiib) of the paragraph 3 of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. We have not observed any continuing failure on the part of the company to correct major weakness in internal control system.
5. According to the information and explanations given to us the company has not accepted deposits.
6. According to the information and explanation given to us, the Central Government has prescribed the maintenance of cost records u/s 148(1) of the Companies Act, 2013. 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.
7.
  - a. According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with the appropriate authorities during the year.

There were no undisputed amounts payable on account of the above dues in arrears as at March 31, 2015 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, wealth tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of dispute other than as given below:



Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where Dispute is pending
Income tax	Income tax	Rs. 64,629,940	FY 2010-11	CIT (A)

- c. According to the information and explanation given to us, no amount is required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.
8. Company's accumulated losses at the end of the financial year are not less than fifty percent of its net worth. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
9. 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, however in one case, bank has charged excess interest of Rs. 16.67 lacs for which the Company is in discussion with bank to get it rectified.
10. 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.
11. 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.
12. 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.

For Luthra & Luthra  
Chartered Accountants  
FRN: 002081N

  
Akhilesh Gupta  
Partner  
M.No: 89909



Place: Mumbai  
Date: April 29, 2015

**EAST HYDERABAD EXPRESSWAY LIMITED**  
Balance Sheet As At March 31, 2015

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Particulars	Note	As At		As At	
		March 31, 2015		March 31, 2014	
<b>I EQUITY AND LIABILITIES</b>					
<b>1 SHAREHOLDERS' FUNDS</b>					
(a) Share capital	2	293,100,000		293,100,000	
(b) Reserves and surplus	3	141,548,687	<b>434,648,687</b>	307,755,764	<b>600,855,764</b>
<b>2 NON-CURRENT LIABILITIES</b>					
(a) Long-term borrowings	4	2,272,043,840	<b>2,272,043,840</b>	2,736,672,411	<b>2,736,672,411</b>
<b>3 CURRENT LIABILITIES</b>					
(a) Short-term borrowings	5	75,000,000		-	
(b) Trade payables	6	3,469,593		3,364,200	
(c) Other current liabilities	7	645,625,517	<b>724,095,110</b>	530,648,100	<b>534,012,300</b>
<b>TOTAL</b>			<b>3,430,787,637</b>		<b>3,871,540,475</b>
<b>II ASSETS</b>					
<b>1 NON CURRENT ASSETS</b>					
(a) Fixed assets	8				
(i) Tangible assets		3,000,692,498		3,424,055,122	
(b) Long-term loans and advances	9	86,937,957	<b>3,087,630,455</b>	77,371,590	<b>3,501,426,712</b>
<b>2 CURRENT ASSETS</b>					
(a) Trade receivables	10	221,103,590		321,103,590	
(b) Cash and cash equivalents	11	101,737,252		26,081,725	
(c) Short-term loans and advances	12	19,842,174		22,928,448	
(d) Other current assets		474,166	343,157,182	-	<b>370,113,763</b>
<b>TOTAL</b>			<b>3,430,787,637</b>		<b>3,871,540,475</b>

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. 89909  
Place: Mumbai  
Date: April 29, 2015

For and on behalf of the Board

  
Director

  
Director

  
Chief Financial Officer

Manager



**EAST HYDERABAD EXPRESSWAY LIMITED**  
**Statement of Profit and Loss for the Year Ended March 31, 2015**

Particulars		Note	Year ended March 31, 2015	Year ended March 31, 2014
<b>I</b>	<b>Revenue from operations</b>	<b>13</b>	666,000,000	666,000,000
<b>II</b>	<b>Other income</b>	<b>14</b>	2,023,862	1,726,594
<b>III</b>	<b>Total revenue (I + II)</b>		<b>668,023,862</b>	<b>667,726,594</b>
<b>IV</b>	<b>Expenses</b>			
	Operating expenses	<b>15</b>	32,075,807	25,900,405
	Finance costs	<b>16</b>	372,311,273	383,782,714
	Other expenses	<b>17</b>	6,481,233	6,607,613
	Depreciation and amortization expense	<b>8</b>	423,213,423	423,451,496
	<b>Total expenses</b>		<b>834,081,736</b>	<b>839,742,228</b>
<b>V</b>	<b>Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)</b>		<b>(166,057,874)</b>	<b>(172,015,634)</b>
<b>VI</b>	<b>Add / (Less) : Exceptional items</b>		-	-
<b>VII</b>	<b>Profit / (Loss) before extraordinary items and tax (V-VI)</b>		<b>(166,057,874)</b>	<b>(172,015,634)</b>
<b>VIII</b>	<b>Add / (Less) : Extraordinary items</b>		-	-
<b>IX</b>	<b>Profit / (Loss) before tax (VII-VIII)</b>		<b>(166,057,874)</b>	<b>(172,015,634)</b>
<b>X</b>	<b>Tax expense:</b>			
	(2) Tax relating to earlier period		-	-
	(3) Deferred tax asset		-	-
	<b>Total tax expenses (X)</b>		<b>-</b>	<b>-</b>
<b>XI</b>	<b>Profit / (Loss) for the period (IX + X)</b>		<b>(166,057,874)</b>	<b>(172,015,634)</b>
<b>XII</b>	Earnings per equity share (Face value per share Rupees 10/-):	<b>19</b>		
	(1) Basic		(5.67)	(5.87)
	(2) Diluted		(5.67)	(5.87)

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. 89909

Place: Mumbai

Date: April 29, 2015



**For and on behalf of the Board**

*[Signature]*  
**Director**

*[Signature]*  
**Director**

*[Signature]*  
**Chief Financial Officer**

**Manager**

**EAST HYDERABAD EXPRESSWAY LIMITED**  
Cash Flow Statement for the year ended March 31, 2015

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>Cash Flow from Operating Activities</b>		
<b>Profit / (Loss) Before Tax</b>	(166,057,874)	(172,015,634)
<b>Adjustments for :-</b>		
Depreciation	423,213,423	423,451,496
Tax relating to earlier period	-	-
Interest on fixed deposits	(2,023,862)	(1,571,989)
Loss on sale of fixed assets (net)	-	-
Interest and finance expense	372,311,273	383,782,714
<b>Operating profit before Working Capital Changes</b>	<b>627,442,960</b>	<b>633,646,587</b>
<b>Adjustments / changes in working capital:</b>		
Decrease / (Increase) in Other current assets, other non-current assets & Trade receivables	108,568,129	(26,524,359)
(Decrease) / Increase in Other current liabilities, other non-current liability & Trade payables	(2,060,047)	(25,746,182)
<b>Cash Generated from / (used in ) Operating Activities</b>	<b>733,951,042</b>	<b>581,376,046</b>
Payment of Taxes	(15,522,389)	1,695,692
<b>Net Cash generated from / (used in ) Operating activity (A)</b>	<b>718,428,652</b>	<b>583,071,738</b>
<b>Cash flow from Investing Activities</b>		
Capital expenditure on fixed assets (after adjustments of increase/decrease in payables for acquisition / construction of fixed assets and capital advance)	-	-
Interest on deposits	2,023,862	1,571,989
Purchase of fixed assets	-	-
Proceeds from sale of fixed assets	-	-
Bank balance not consider as cash and cash equivalent	(91,299,687)	-
<b>Net Cash (used in) / generated from Investing Activities (B)</b>	<b>(89,275,825)</b>	<b>1,571,989</b>
<b>Cash flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	-	150,000,000
Proceeds from Short Term Borrowings	522,300,000	395,000,000
Repayment of Long Term Borrowings	(347,485,714)	-257,000,000
Repayment of Short Term Borrowings	(447,300,000)	-467,500,000
Interest & Finance charges paid	(372,311,273)	-383,782,714
<b>Net Cash from Financing Activities (C)</b>	<b>(644,796,987)</b>	<b>(563,282,714)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(15,644,160)</b>	<b>21,361,013</b>
Cash and Cash Equivalent at the beginning of the year	26,081,725	4,720,712
<b>Cash and Cash Equivalent at the end of the year(Refer footnote)</b>	<b>10,437,565</b>	<b>26,081,725</b>

**Footnotes:**

**Reconciliation of Cash and cash equivalents with the Balance Sheet**

Cash and cash equivalents as per Balance Sheet (Refer note 12)	10,437,565	26,081,725
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	-	-
<b>Cash and Cash Equivalent at the end of the year *</b>	<b>10,437,565</b>	<b>26,081,725</b>
<b>* Components of Cash &amp; Cash Equivalent</b>		
Cash on hand	6,238	19,155
Balances with banks		
- In Current accounts	10,431,327	5,685,335
- In Deposit accounts		
	10,437,565	26,081,725
Bank balances held as margin money or as security against borrowings	91,299,687	-
<b>Total</b>	<b>101,737,252</b>	<b>26,081,725</b>

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 29, 2015



For and on behalf of the Board

*[Signature]*  
Director

*[Signature]*  
Director

*[Signature]*  
Chief Financial Officer

Manager

# EAST HYDERABAD EXPRESSWAY LIMITED

**Notes to Financial Statement for year ended March 31, 2015**

## **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 and comply with the Accounting Standards ('AS') specified in the Companies (Accounting Standard) Rules, 2006 notified by the Central Government in terms of Section 211(3C) of the Companies Act, 1956 read with general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013, to the extent applicable. The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties or otherwise accounted for on cash 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.



## EAST HYDERABAD EXPRESSWAY LIMITED

### Notes to Financial Statement for year ended March 31, 2015

#### 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.

#### 5. Fixed Assets and Depreciation:

##### i) Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any.

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

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

##### Depreciation on tangible fixed assets is computed as under:

As per notification dated, March 26, 2014 issued by the Ministry of Corporate Affairs, Schedule II of the Companies Act 2013 comes into effect from April 1, 2014 which prescribes the useful life of depreciable assets. The Company has adopted the useful life prescribed under the Schedule II of the Companies Act 2013. Also, with effect from April 1, 2014 the Company has decided to change the policy retrospectively for charging depreciation on the basis of Straight Line Method in place of Written Down Method other than those specified otherwise. Accordingly the Company has reinstated its policy for charging depreciation with effect from April 1, 2014 which is as below:

Assets purchased on or after April 1, 2014 are depreciated on Straight Line Method, over the useful life of assets as prescribed under Schedule II of the Companies Act 2013 other than assets specified in para (ii) below

Following assets are depreciated over a useful life which is shorter than the life prescribed under Schedule II of the Companies Act 2013 based on the Management's estimate



## EAST HYDERABAD EXPRESSWAY LIMITED

### Notes to Financial Statement for year ended March 31, 2015

- (i) Data Processing Equipment – Server and Networking equipment are depreciated over a period of 4 years
- (ii) Mobile Phones and Ipad / Tablets are fully depreciated in the year of purchase
- (iii) Specialised office equipment's are depreciated on Straight Line Method over a period of three years
- (iv) Cars purchased by the company for employees, are depreciated over a period of five years
- (v) Assets provided to employees are depreciated over a period of three years
- (vi) Leasehold improvement costs are capitalised and amortised over the period of lease agreement
- (vii) All categories of assets costing less than ₹ 5,000 each are fully depreciated in the year of purchase.
- (viii) The residual value of all the assets is retained at ₹ 1/- each

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.

#### 6. 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.

#### 7. Preliminary Expenditure:

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

#### 8. 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.

#### 9. 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.



## EAST HYDERABAD EXPRESSWAY LIMITED

### Notes to Financial Statement for year ended March 31, 2015

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.

#### 10. 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.

#### 11. 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.

#### 12. 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.

#### 13. 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.



## EAST HYDERABAD EXPRESSWAY LIMITED

**Notes to Financial Statement for year ended March 31, 2015**

### **14. 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**  
**Notes to Financial Statements for year ended March 31, 2015**

**Note 2: Share capital**

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹	Number	₹
<b>Authorised</b> Equity Shares of Rupees 10/- each	30,000,000	300,000,000	30,000,000	300,000,000
<b>Issued</b> Equity Shares of Rupees 10/- each	29,310,000	293,100,000	29,310,000	293,100,000
<b>Subscribed and Paid up</b> Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii, and iii)	29,310,000	293,100,000	29,310,000	293,100,000
<b>Total</b>	<b>29,310,000</b>	<b>293,100,000</b>	<b>29,310,000</b>	<b>293,100,000</b>

**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, 2015		As at March 31, 2014	
	Equity Shares		Equity Shares	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the period / year	29,310,000	293,100,000	29,310,000	293,100,000
Shares issued during the period / year	-	-	-	-
Shares bought back during the period / year	-	-	-	-
Shares outstanding at the end of the period / year	29,310,000	293,100,000	29,310,000	293,100,000

**iii. Shareholding more than 5%**

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
IL&FS Transportation Networks Limited (the Holding Company)	21,689,400	74%	21,689,400	74%
KMC Construction Limited (Company with significant influence)	2,931,000	10%	2,931,000	10%
KMC Infratech Limited (Company with significant influence)	4,689,600	16%	4,689,600	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, 2015		As at March 31, 2014	
<b>(a) Capital Reserve</b>				
Grant from Hyderabad Urban Development Authority (HUDA)				
Balance as per last financial statements	776,500,000		776,500,000.00	
Reclassified during the year	-		-	
(+) Received during the period / year		776,500,000		776,500,000
Closing balance				
<b>(b) Surplus in Statement of Profit and Loss</b>				
Balance as per last financial statements	(468,744,236)		(296,728,602)	
(-) Adjustment due to change in accounting policy	(149,203)		-	
(+) Profit / (Loss) for current year	(166,057,874)	(634,951,313)	(172,015,634)	(468,744,236)
<b>Total</b>		<b>141,548,687</b>		<b>307,755,764</b>



**EAST HYDERABAD EXPRESSWAY LIMITED****Notes to Financial Statements for year ended March 31, 2015****Note 4: Long-term borrowings**

₹

Particulars	As at March 31, 2015		As at March 31, 2014	
<b>Term Loans Secured</b>				
From banks (refer footnote a,b,c)	1,174,008,125	1,867,758,125	1,346,008,125	2,140,958,125
From financial institutions (refer footnote a,b,c)	693,750,000		794,950,000	
<b>Unsecured</b>				
From banks (refer footnote "d")		297,142,857		445,714,286
From financial institutions (refer footnote "e")		107,142,857		150,000,000
<b>Total</b>		<b>2,272,043,840</b>		<b>2,736,672,411</b>

**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, 2015	As at March 31, 2014
2014-15	-	273,200,000
2015-16	273,200,000	273,200,000
2016-17	329,000,000	329,000,000
2017-18	345,400,000	345,400,000
2018-19	377,000,000	377,000,000
2019-20	417,000,000	417,000,000
2020-21	399,358,125	399,358,125
<b>Total</b>	<b>2,140,958,125</b>	<b>2,414,158,125</b>

## c) Term loan of ₹ 27,32,00,000/- which is repayable during period F.Y.: 2015-16 (Previous year ₹ 27,32,00,000/- repayable during F.Y.: 2014-15) is classified under " Current maturity of long term debt "

d) Repayment Schedule (Unsecured Loan From banks Payable in seven half yearly installments)

Payable Financial Year ending	As at March 31, 2015	As at March 31, 2014
2014-15		74,285,714
2015-16	148,571,429	148,571,429
2016-17	148,571,429	148,571,429
2017-18	148,571,429	148,571,429
<b>Total</b>	<b>445,714,286</b>	<b>520,000,000</b>

e) Repayment Schedule (Unsecured Loan From financial institutions Payable in seven half yearly installments)

Payable Financial Year ending	As at March 31, 2015	As at March 31, 2014
2015-16	42,857,143	42,857,143
2016-17	42,857,143	42,857,143
2017-18	42,857,143	42,857,143
2018-19	21,428,571	21,428,571
<b>Total</b>	<b>150,000,000</b>	<b>150,000,000</b>



**EAST HYDERABAD EXPRESSWAY LIMITED**

Notes to Financial Statements for year ended March 31, 2015

**Note 5: Short-term borrowings**

Particulars	As at March 31, 2015		As at March 31, 2014	
<b>Loans and advances from related parties</b>				
Unsecured	75,000,000	75,000,000	-	-
<b>Total</b>		<b>75,000,000</b>		<b>-</b>

**Note 6: Trade payable**

Particulars	As at March 31, 2015		As at March 31, 2014	
<b>(a) Total outstanding dues</b>				
<b>Trade Payables</b>				
To related parties	3,102,765		3,018,023	
To others	366,828	3,469,593	346,177	3,364,200
<b>Total</b>		<b>3,469,593</b>		<b>3,364,200</b>

**Note 7: Other current liabilities**

Particulars	As at March 31, 2015		As at March 31, 2014	
<b>(a) Current maturities of long-term debt</b>				
<b>Term Loans</b>				
<b>Secured</b>				
From banks (refer note no 4)	172,000,000		172,000,000	
From financial institutions (refer note no 4)	101,200,000	273,200,000	101,200,000	273,200,000
<b>Unsecured</b>				
From banks (refer note no 4)	148,571,429		74,285,714	
From financial institutions	42,857,143	191,428,571	-	74,285,714
<b>(b) Payable on account of capital expenditure</b>				
To related parties	177,448,745		177,448,745	
To others	-	177,448,745	-	177,448,745
<b>(c) Other liabilities (Refer footnote)</b>				
Statutory Dues Payable	10,090		281,993	
Expenses Payables	3,538,111	3,548,201	5,431,648	5,713,641
<b>Total</b>		<b>645,625,517</b>		<b>530,648,100</b>

**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, 2015**

Note 8: Fixed assets

Particulars	Gross block			Depreciation		Net block			
	As at April 1, 2014	Additions	Disposals	As at March 31, 2015	As at March 31, 2015	Charge for the period	On disposals	As at March 31, 2015	Balance as at March 31, 2014
<b>a) Tangible assets</b>									
Road	4,727,506,770	-	-	4,727,506,770	-	423,377,122	-	3,000,440,545	3,423,817,667
Vehicles	588,583	-	-	588,583	-	(41,456)	-	143,891	102,434
Data processing equipments	390,940	-	-	390,940	-	1,259	-	23	1,282
Office equipments	286,520	-	-	286,520	-	(83,139)	-	10,365	75,170
Furniture and fixtures	334,291	-	-	334,291	-	(39,104)	-	97,674	58,569
<b>Total</b>	<b>4,729,107,104</b>	<b>-</b>	<b>-</b>	<b>4,729,107,104</b>	<b>-</b>	<b>423,213,423</b>	<b>-</b>	<b>3,000,692,498</b>	<b>3,424,055,122</b>
<b>Grand total</b>	<b>4,729,107,104</b>	<b>-</b>	<b>-</b>	<b>4,729,107,104</b>	<b>-</b>	<b>423,213,423</b>	<b>-</b>	<b>3,000,692,498</b>	<b>3,424,055,122</b>
Previous year									
<b>c) Capital work-in-progress</b>	<b>4,729,107,104</b>	<b>-</b>	<b>-</b>	<b>4,729,107,104</b>	<b>-</b>	<b>423,451,496</b>	<b>-</b>	<b>3,424,055,122</b>	<b>3,847,506,618</b>



**EAST HYDERABAD EXPRESSWAY LIMITED**

Notes to Financial Statements for year ended March 31, 2015

**Note 9: Long-term loans and advances**

₹

Particulars	As at March 31, 2015		As at March 31, 2014	
<b>(a) Capital Advances</b>				
Secured, considered good	-		-	-
Unsecured, considered good				
To others	48,556,151	48,556,151	48,556,151	48,556,151
<b>(a) Security Deposits</b>				
Secured, considered good	-		-	
Unsecured, considered good	12,500	12,500	12,500	12,500
<b>(b) Other long term loans and advances</b>				
Unsecured, considered good				
- Advance payment of taxes (net of provision)	31,555,061		16,032,673	
- Prepaid Expenses	6,814,245	38,369,306	12,770,266	28,802,939
<b>Total</b>		<b>86,937,957</b>		<b>77,371,590</b>

**Note 10: Trade receivables**

₹

Particulars	As at March 31, 2015		As at March 31, 2014	
<b>(a) Trade receivables outstanding for a period less than six months from the date they are due for payment</b>				
Unsecured, considered good	207,200,000	207,200,000	207,200,000	207,200,000
<b>(b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>				
Unsecured, considered good	13,903,590	13,903,590	113,903,590	113,903,590
<b>Total</b>		<b>221,103,590</b>		<b>321,103,590</b>



**EAST HYDERABAD EXPRESSWAY LIMITED**  
**Notes to Financial Statements for year ended March 31, 2015**

**Note 11: Cash and cash equivalents**

Particulars	As at March 31, 2015		As at March 31, 2014	
(a) Cash on hand	6,238		19,155	
(b) Balances with banks				
- on Escrow / Current accounts (Refer footnote)	10,431,327		5,685,335	
- In Deposit accounts (maturity of less than 3 months)	-	10,437,565	20,377,235	26,081,725
(b) Other bank balances				
Fixed Deposits placed for a period less than 3 months lien with bank	91,299,687	91,299,687	-	-
<b>Total</b>		<b>101,737,252</b>		<b>26,081,725</b>

**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, 2015		As at March 31, 2014	
(a) Loans and advances to related parties				
Unsecured, considered good				
- Others	-	-	518,685	518,685
(b) Other loans and advances				
Unsecured, considered good				
- Advance payment of taxes (net of provision)	13,773,052		13,773,052	
- Prepaid Expenses	6,069,122	19,842,174	8,636,711	22,409,763
<b>Total</b>		<b>19,842,174</b>		<b>22,928,448</b>

**NOTE 14: OTHER CURRENT ASSETS**

Particulars	As at March 31, 2015		As at March 31, 2014	
Interest accrued on term deposits	474,166			
		474,166		
<b>Total</b>		<b>474,166</b>		



**EAST HYDERABAD EXPRESSWAY LIMITED**

Notes to Financial Statements for year ended March 31, 2015

**Note 13: Revenue from operations**

₹

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
<b>Annuity Income</b>		666,000,000		666,000,000
<b>Total</b>		<b>666,000,000</b>		<b>666,000,000</b>

**Note 14: Other income**

₹

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
<b>(a) Interest Income</b>				
Interest on bank deposits	2,023,862		1,571,989	
Interest on Income Tax refund	-	2,023,862	154,605	1,726,594
<b>Total</b>		<b>2,023,862</b>		<b>1,726,594</b>



**EAST HYDERABAD EXPRESSWAY LIMITED**
**Notes to Financial Statements for year ended March 31, 2015**
**Note 15: Operating expenses**

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
Operation and maintenance expenses		32,075,807		25,900,405
<b>Total</b>		<b>32,075,807</b>		<b>25,900,405</b>

**Note 16: Finance costs**

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
<b>(a) Interest expenses</b>				
Interest on loans for fixed period	363,536,314	363,536,314	375,484,899	375,484,899
<b>(b) Other borrowing costs</b>				
Other finance charges	8,774,959	8,774,959	8,297,815	<b>8,297,815</b>
<b>Total</b>		<b>372,311,273</b>		<b>383,782,714</b>

**Note 17: Other expenses**

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
Legal and consultation fees	3,950,855		3,728,189	
Travelling and conveyance	282,684		155,294	
Deputed staff cost	938,032		1,460,598	
Rates and taxes	11,406		7,918	
Repairs and maintenance - Others	-		323	
Communication expenses	-		14,488	
Insurance	9,593		13,669	
Printing and stationery	80,616		-	
Sitting fees - Director's and Invitees	185,000		144,888	
Auditors' Remuneration (Refer foot note)	994,388		1,028,096	
Miscellaneous expenses	28,659	6,481,233	54,150	6,607,613
<b>Total</b>		<b>6,481,233</b>		<b>6,607,613</b>

**Auditors remuneration includes:**

Sr No	Description	Year ended March 31, 2015	Year ended March 31, 2014
<b>1 As Auditor:</b>			
	- Statutory Audit	842,700	842,700
	- Tax Audit	84,272	84,272
<b>2 In other Capacity:</b>			
	- Other Services	67,416	101,124
	- Reimbursement of expenses	-	-
	<b>Total</b>	<b>994,388</b>	<b>1,028,096</b>



**EAST HYDERABAD EXPRESSWAY LIMITED**

Notes to Financial Statements for year ended March 31, 2015

**Note 18: 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, 2015	Year ended March 31, 2014
<b>Capital Commitments</b>		<b>Nil</b>	
<b>Other Commitments</b>			
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	260,045,902	287,241,322
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	707,899,999	707,899,999

**Contingent liabilities:**

Particulars ( Description & name of party)		Year ended March 31, 2015	Year ended March 31, 2014
Income tax demands contested by the Company		64,629,940	-

**Note 19: Earnings per equity share**

Particulars	Unit	Year ended March 31, 2014	Year ended March 31, 2014
Profit / (Loss) after tax	₹	(166,057,874)	(172,015,634.20)
Weighted number of Equity Shares outstanding	Numbers	29,310,000	29,310,000
Nominal Value of equity shares	₹	10	10
Basic Earnings per share		(5.67)	(5.87)
Equity shares used to compute diluted earnings per share		29,310,000	29,310,000
Diluted Earnings per share	₹	(5.67)	(5.87)



**EAST HYDERABAD EXPRESSWAY LIMITED**

Notes to Financial Statements for year ended March 31, 2015

**Note 20: Related Party Disclosure**

Related party Disclosures as per AS-18 on "Related Party Disclosure" in respect of the Company as on March 31,2015 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
	IL&FS Securities Services Limited	ISSL
Enterprises having Significant Influence over EHEL	Elsamex India Pvt. Ltd	ELSAMEX
	KMC Constructions Limited	KMC
	KMC Infratech Ltd.	KIL
Key Management personnel	Mr. Deepak Mittal (Resigned)	
	Mr George Cherian	
	Mr.Mukund Sapre ( Resigned)	
	Mr.Rajeev Dubey	
	Mr. Rajesh Udupe	
	Mr. Vijay Kini	
	Mr.Goutam Mukherjee	
	Mr.Rupak Ghosh	
	Hiren Gor - Chief Financial Officer	
	Ramesh Babu - Manager	

Transactions / Balances with related parties as mentioned above

Account head	Name of Entity	As at March 31,2105	As at March 31,2014
<b>Balances as at :</b>			
Trade Payables	ITNL	84,742	Nil
Short Term Borrowing	ITNL	75,000,000	Nil
Interest accrued on short term loan	ITNL		Nil
Expenses recoverable made on behalf related party	ITNL	Nil	518,685
Equity share Capital	ITNL	216,894,000	216,894,000
Trade Payables	KMC	39,142,917	39,142,917
Retention payable against milestone payment & others	KMC	177,448,745	177,448,745
Equity share Capital	KMC	29,310,000	29,310,000
Mobilization advance recoverable	KMC	21,311,759	21,311,759
Expenses recoverable made on behalf related party	KMC	63,369,286	63,369,286
Equity share Capital	KIL	46,896,000	46,896,000

Transactions :	Name of Entity	As at March 31,2105	As at March 31,2014
Routine Maintenance Expenses	ITNL	27,195,420	25,900,405
Short term loan taken	ITNL	522,300,000	395,000,000
Short Term Loan repaid	ITNL	447,300,000	467,500,000
Interest on short term loan	ITNL	24,122,649	8,653,952
Deputation Staff	ITNL	938,052	1,460,598
Professional Fees	ISSL	17,454	22,972
Finance Charges - Security Trustee Fees	ITCL	112,360	112,360
Other Construction cost	Elsamex	337,284	
Director Sitting Fees	Mr George Cherian	40,000	40,000
Director Sitting Fees	Mr.Mukund Sapre	20,000	30,000
Invilee Sitting Fees	Mr.Mukund Sapre	10,000	
Director Sitting Fees	Mr.Rajeev Dubey	40,000	20,000
Director Sitting Fees	Mr. Rajesh Udupe	25,000	Nil
Director Sitting Fees	Mr. Vijay Kini	5,000	Nil
Director Sitting Fees	Mr. Deepak Mittal	Nil	10,000

Footnotes:

1) Reimbursement of cost is not included above



**EAST HYDERABAD EXPRESSWAY LIMITED**

**Notes to Financial Statements for year ended March 31, 2015**

**Note 21: 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 22: 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 23 :**

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 24 :**

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 additional cost and capitalized the same in the books of accounts.

**Note 25:**

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



**Note 26:**

As per notification dated, March 26, 2014 issued by the Ministry of Corporate Affairs, Schedule II of the Companies Act 2013 comes into effect from April 1, 2014 which prescribes the useful life of depreciable assets. The Company has adopted the useful life prescribed under the Schedule II of the Companies Act 2013. Also, with effect from April 1, 2014 the Company has decided to change the policy retrospectively for charging depreciation on the basis of Straight Line Method in place of Written Down Method other than those specified otherwise. Accordingly the Company has reinstated its policy for charging depreciation with effect from April 1, 2014

Consequent to the adoption of the revised policy on depreciation:

- A sum of Rs.149,203/- has been adjusted against the opening balance of retained earnings.
- The difference between accumulated depreciation as of March 31, 2014 recomputed as above and the corresponding accumulated depreciation in the books as per earlier method, amounting to Rs. 323,866/- has been credited to the statement of Profit and Loss for the year ended March 31, 2015.
- Had the Group followed the earlier method of depreciation of tangible assets the charge to the statement of Profit and Loss for the year ended March 31, 2015 would have been lower by Rs. 100,392/- & consequently reserves and surplus would have been higher by Rs.100,392/-

**Note27:**

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

In terms of our report attached.

**For Luthra & Luthra**

Chartered Accountants

Firm Registration No : 002081N

**Akhilesh Gupta**

**Partner**

Membership No. 89909

Place: Mumbai

Date: April 29, 2015



**For and on behalf of the Board**

  
**Director**

  
**Director**

  
**Chief Financial Officer**

**Manager**