

INDEPENDENT AUDITOR'S REPORT

To The Members of
Hazaribagh Ranchi Expressway Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Hazaribagh Ranchi Expressway Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, 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 and presentation 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. 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 31st March, 2016, 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss, 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 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in



“Annexure B”; and

- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statement- Refer note 19 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 28, 2016

Annexure - A to the Auditors' Report**The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016**

1.
 - a. The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As per the information and explanations given to us, fixed assets have been physically verified by the Management at reasonable intervals, and no discrepancy was noticed.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not own any immovable properties.
2. As the Company does not hold any inventory, Clause 3(ii) of the order is not applicable to the Company.
3. In our opinion and according to the information and explanation given to us, the Company has not granted any loan, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013.
4. In our opinion and according to the information and explanations given to us, the Company has not given/make any loan, investment, guarantee and security and accordingly provisions of section 185 and 186 of the Act are not applicable.
5. According to the information and explanations given to us the company has not accepted deposits.
6. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
7.
 - a. According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with the appropriate authorities during the year. There were no undisputed amounts payable on account of the above dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable
 - b. According to the information and explanation given to us, there is no due on account of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited on account of dispute other than 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. 16,97,720	FY 2010-11	ITAT
Income tax	Income tax	Rs. 28,01,010	FY 2011-12	CIT(A)



8. As per the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowing to banks and financial institutions during the year.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Luthra & Luthra
Chartered Accountants
FRN: 002081N

Akhilesh Gupta
Partner
M.No: 89909



Place: Mumbai
Date: April 28, 2016

Annexure - B to the Auditors' Report**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Hazaribagh Ranchi Expressway Limited ("the Company") as of 31st March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Mumbai
Date: April 28, 2016

For Luthra & Luthra
Chartered Accountants

FRN: 002081N


Akhilesh Gupta

Partner

M.No: 89909



HAZARIBAGH RANCHI EXPRESSWAY LIMITED
Balance Sheet As at March 31, 2016

	Particulars	Note	As At		As At	
			March 31, 2016		March 31, 2015	
I	EQUITY AND LIABILITIES					
1	SHAREHOLDERS' FUNDS					
	(a) Share capital	2	1,310,000,000		1,310,000,000	
	(b) Reserves and surplus	3	(2,109,854,543)	(799,854,543)	(1,460,695,139)	-150,695,139
2	NON-CURRENT LIABILITIES					
	(a) Long-term borrowings	4	5,747,793,657	5,747,793,657	6,709,225,022	6,709,225,022
3	CURRENT LIABILITIES					
	(a) Current maturities of long-term debt	5	432,859,936		637,850,125	
	(b) Short-term borrowings	6	3,483,277,160		2,203,800,000	
	(c) Trade payables :					
	- Dues to micro and small enterprise		-		-	
	- Dues to others		680,114		4,171,602	
	(d) Other current liabilities	7	467,767,460	4,384,584,670	452,663,322	3,298,485,049
	TOTAL			9,332,523,784		9,857,014,932
II	ASSETS					
1	NON CURRENT ASSETS					
	(a) Fixed assets	8				
	(i) Tangible assets		8,972,312,743		9,607,909,387	
	(ii) Intangible assets		3	8,972,312,746	18	9,607,909,405
	(b) Long-term loans and advances (Net)	9		3,474,933		11,882,314
2	CURRENT ASSETS					
	(a) Trade receivables (Net)	10	-		3,229,158	
	(b) Cash and bank balances	11	305,799,210		177,931,711	
	(c) Short-term loans and advances	12	50,882,648		55,316,487	
	(d) Other current assets	13	54,247	356,736,105	745,857	237,223,213
	TOTAL			9,332,523,784		9,857,014,932

Notes 1 to 23 form part of financial statements

In terms of our report attached.

For LUTHRA & LUTHRA

Chartered Accountants

Firm Registration No. 002081N

Akhilesh Gupta

Partner

Mem. No. : 89909

Place: Mumbai

Date: April 28, 2016



For and on behalf of the Board

Director

Chief Financial Officer

Place: Mumbai

Date: April 28, 2016

Director

Company Secretary

HAZARIBAGH RANCHI EXPRESSWAY LIMITED
Statement of Profit and Loss for the year ended March 31, 2016

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Particulars	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
I Revenue from operations	14	1,281,600,000	1,281,600,000
II Other income	15	2,085,886	2,877,771
III Total revenue (I + II)		1,283,685,886	1,284,477,771
IV Expenses			
Operating expenses	16	58,101,583	55,334,843
Finance costs	17	1,132,649,957	1,114,714,197
Administrative and general expenses	18	17,447,287	16,259,031
Depreciation and amortization expense	8	724,646,463	701,824,541
Total expenses		1,932,845,290	1,888,132,612
V Profit / (Loss) before taxation (III-IV)		(649,159,404)	(603,654,841)
VI Tax expense:			
(1) Current tax		-	-
(2) Excess provisions of Earlier Year Written Back		-	-
(3) MAT credit entitlement		-	-
(2) Deferred tax (net)		-	-
Total tax expense (VI)		-	-
VII Profit / (Loss) for the period (V-VI)		(649,159,404)	(603,654,841)
Earnings per equity share (Face value per share Rupees 10/-):	19		
(1) Basic		(4.96)	(4.61)
(2) Diluted		(4.96)	(4.61)

Notes 1 to 23 form part of financial statements

In terms of our report attached.

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

Akhilash Gupta
Partner
Mem. No. : 89909



Place: Mumbai
Date: April 28, 2016

For and on behalf of the Board

Director

Director

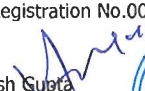


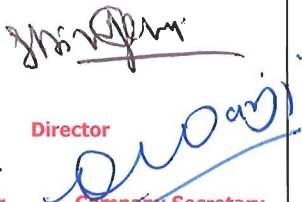
Chief Financial Officer

Company Secretary

Place: Mumbai

Date: April 28, 2016

HAZARIBAGH RANCHI EXPRESSWAY LIMITED
Cash Flow Statement for the year ended March 31, 2016

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Cash Flow from Operating Activities		
Profit Before Taxes, Minority Interest and Share of Associates	(649,159,404)	(603,654,841)
Adjustments for :-		
Depreciation	724,646,463	701,824,541
Interest Received on Fixed Deposit	(2,085,886)	(2,877,771)
Interest & Finance Expenses	1,132,649,957	1,114,714,197
Bad Debts and Preliminary expenses written off	2,865,800	-
Operating profit/(Loss) before Working Capital Changes	1,208,916,930	1,210,006,126
Adjustments for changes in working capital:		
(Increase)/Decrease in Trade receivables	3,229,158	-
(Decrease) / Increase in other assets & loans and advances (current and non current)	16,249,240	24,257,697
Increase in liabilities (current and non current)	87,031	(10,340,068)
Operating Cash Flows after Working Capital Changes	1,228,482,359	1,223,923,755
Direct Taxes paid (Net)	(3,408,019)	(13,050,768)
Net Cash generated from Operating Activities (A)	1,225,074,340	1,210,872,987
Cash flow from Investing Activities		
Purchase of Fixed Assets (Including Construction of "Road")	(89,049,804)	(568,457,447)
Increase / (Decrease) in Other Current, Other Non-Current Liabilities & Trade Payables	8,264,144	(171,315,995)
Bank balances not considered as Cash and cash equivalents	-	(140,344,137)
Interest Received	2,777,496	2,877,771
Net Cash used in Investing Activities (B)	(78,008,164)	(877,239,808)
Cash flow from Financing Activities		
Proceeds from Short-term Borrowings	1,969,477,160	1,268,800,000
Repayment of Non-Convertible Debentures	(108,340,000)	1,700,000,000
Repayment of Short-term Borrowings	(690,000,000)	(385,000,000)
Repayment of Long-term Borrowings	(1,058,081,554)	(2,150,235,253)
Interest and Finance Charges Paid	(1,132,254,283)	(1,115,460,054)
Net Cash generated from Financing Activities (C)	(1,019,198,677)	(681,895,307)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	127,867,499	(348,262,128)
Cash and Cash Equivalent at the beginning of the year	177,931,711	385,849,702
Cash and Cash Equivalent at the end of the year	305,799,210	37,587,574
Net Increase / (Decrease) in Cash & Cash Equivalents	127,867,499	(348,262,128)
Notes:		
Components of Cash & Cash Equivalent		
Cash on Hand	2,343	839
Balance with Scheduled Banks - Current Accounts	85,796,867	37,586,735
Balance with Scheduled Banks in term deposits (maturity less than 3 months)	220,000,000	-
Unpaid Dividend Accounts	305,799,210	37,587,574
Bank balances / deposits held as margin money or as security against borrowings	-	140,344,137
Cash and Cash Equivalents as per Balance Sheet	305,799,210	177,931,711
Notes 1 to 23 form part of financial statements		
In terms of our report attached.		
For LUTHRA & LUTHRA		
Chartered Accountants		
Firm Registration No.002081N		
 Akhilesh Gupta Partner Mem. No. : 89909		
Place: Mumbai Date: April 28, 2016	For and on behalf of the Board  Director Chief Financial Officer Place: Mumbai Date: April 28, 2016	
	 Director Company Secretary	

HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2016

Note 2: Share capital

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	₹	Number	₹
Authorised Equity Shares of Rupees 10/- each	132,000,000	1,320,000,000	132,000,000	1,320,000,000
Issued Equity Shares of Rupees 10/- each	131,000,000	1,310,000,000	131,000,000	1,310,000,000
Subscribed and Paid up Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii, iii and iv)	131,000,000	1,310,000,000	131,000,000	1,310,000,000
Total	131,000,000	1,310,000,000	131,000,000	1,310,000,000

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 reporting year

Particulars	As at March 31, 2016		As at March 31, 2015	
	Equity Shares		Equity Shares	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the year	131,000,000	1,310,000,000	131,000,000	1,310,000,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	131,000,000	1,310,000,000	131,000,000	1,310,000,000

iii. Shareholding more than 5% shares

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
IL&FS Transportation Networks Limited (Holding Company)	130,986,900	99.99	130,986,900	99.99
Punj Llyod Limited	13,100	0.01	13,100	0.01
Total	131,000,000	100.00	131,000,000	100.00

iv. Of the above 13,09,86,900 shares are held by the holding Company and its nominees (As at March 31, 2015 : 130,986,900 shares)

Note 3: Reserves and surplus

Particulars	As at March 31, 2016		As at March 31, 2015	
Profit / (Loss) Surplus				
Opening balance	(1,460,695,139)		(857,040,298)	
(+) Profit/(Loss) for the current year	(649,159,404)	(2,109,854,543)	(603,654,841)	(1,460,695,139)
Total		(2,109,854,543)		(1,460,695,139)



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Note – 1: Background and Significant Accounting Policies

(A) Background:

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

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

(B) Significant Accounting Policies

1. Basis of Accounting:

These Financial Statements have been specifically prepared in accordance with the Accounting Principles generally accepted in India, including the Accounting Standard specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 .All income and expenditure having a material bearing on the financial statements are recognised on an accrual basis

2. Presentation and disclosure of financial statements :

During the year, the Revised Schedule VI notified under the Act has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact the recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements.

3. 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.



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

4. Revenue Recognition

The Concession Agreement envisages Revenue in the form of Annuity of a fixed sum on pre-determined dates (not more than twice a year). The Annuity payment will start accruing to the Company, six months after the Commercial Operation Date ("COD"). As the Project is still under construction stage, no revenue has been recognised.

5. Accounting Claim

Price Escalation and other claims or variation are recognized and reduced from the capital cost only when:-

- (a) Negotiations have reached to an advanced stage such that it is probable that authority will accept the claim; and/or
- (b) The amount that is probable will be accepted by the authority and can be measured reliably.

6. Current and Non Current Classification

An asset is classified as current when it satisfies following criteria:

- a) It is expected to be realized in or is intended for sale or consumption in, the company's operating cycle;
- b) It is expected to be realised within 12 months after the reporting date;
- c) It is cash or cash equivalent unless it is 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.

A liability is classified as current when it satisfies any of following criteria:

- a) It is expected to be settled in the company's normal operating cycle;
- b) It is due to be settled within 12 months after the reporting date;
- c) 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.



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

7. Fixed Assets & Depreciation

Tangible Fixed assets depreciation

All fixed assets are stated at cost less accumulated depreciation. For this purpose cost includes purchase price and all other attributable costs of bringing assets into working condition and location 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.

Tangible fixed assets acquired by the Group 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:

All assets are depreciated on a Straight Line Method (SLM) of Depreciation, over the useful life of assets as prescribed under Schedule II of the Companies Act 2013 other than assets specified in para 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 internal technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc.:

Asset	Useful Life (years)	Method
Data Processing Equipment (Server & Networking)	4	SLM
Mobile Phones and I pad / Tablets	Fully depreciated in the year of purchase	-
Specialised office equipment's	3	SLM
Vehicles	8	SLM
Assets provided to employees	3	SLM
Leasehold improvement costs	Amortised over Primary period of Lease	SLM
All categories of assets costing less than Rs.5,000/- each	Fully depreciated in the year of purchase	-

The residual value of all the assets is retained at Rs.1/- each



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

8. Capital Work-in-Progress

Capital Work-in-progress includes direct and attributable expenses for construction of Road net of interest earned on Fixed deposits.

9. Impairment of Assets

The carrying values of assets of the Company's cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

10. Preliminary Expenditure

Preliminary Expenses incurred on incorporation of the Company are charged to the Profit & Loss Account for the period during which these expenses are incurred.

11. Borrowing costs

Borrowing costs attributable to construction of the road are treated as a part of Capital Work in progress for subsequent capitalization on commencement of commercial operations of the road.

12. 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. The carrying amount of deferred tax asset is reviewed at each balance sheet date.

13. 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.



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

14. 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.

15. 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 issued 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 been 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.



Note 4: Long-term borrowings

Particulars	As at March 31, 2016		As at March 31, 2015	
(a) Debentures				
(i) Secured				
Non convertible debentures		1,465,200,000		1,591,660,000
(b) Term Loans				
(i) Secured				
From banks	1,673,790,914		1,806,280,962	
From financial institutions	2,108,802,743		2,282,712,631	
From Holding Company	500,000,000		500,000,000	
		4,282,593,657		4,588,993,593
(ii) Unsecured				
From banks	-		457,142,857	
From financial institutions	-		71,428,572	528,571,429
Total		5,747,793,657		6,709,225,022

1. Non-Convertible Debentures:

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

- All movable, tangible and intangible assets, receivables, cash and investments created as part of the project other than the Project Assets.
- Monies lying in Escrow Account into which all the investments in the Project and all Project revenues and insurance proceeds are to be deposited.
- Assignment of all rights, title, benefits, claims and demands of the Issuer/Company under Project Agreements i.e. Concession agreement, Substitution agreement, Construction contract and operations contract, etc.
- Assignment of all rights under project guarantees obtained pursuant to development contract or operations contract, if any relating to the project.
- First ranking assignment of all contract, documents, insurance, clearances and interests of the Issuer/Company

2. Term Loans Secured By:

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

- All movable, tangible and intangible assets, receivables, cash and investments created as part of the projects.
- All the monies lying in Escrow Account into which all the investments in the Project and all Project revenues and insurance proceeds are to be deposited.
- Assignment of all rights, title, benefits, claims and demands of the Borrowers under Project Agreements i.e. Concession agreement, Substitution agreement, Construction contract and operations contract, etc.
- Assignment of all rights under project guarantees obtained pursuant to development contract or operations contract, if any relating to the project.
- First ranking assignment of all contract, documents insurance contracts/insurance Proceeds (Security Trustee to be named as loss payee), clearances and interests of the Borrower.
- Debt Service Reserve Account and any other accounts required to be created by the Borrower under any Project agreement contract.

(ii) Term loan from Holding Company is secured by way of second pari passu charge over all assets other than project assets

3. Repayment Schedule:

Secured Non Convertible Debentures: In 21 unequal half yearly installments commencing from September 2015 and terminating on September 2025.

Senior Debt from Banks: In 45 unequal quarterly installments commencing in the quarter ending December 31, 2012 and terminating on December 31, 2023.

Senior Debt From Financial Institute: In 45 unequal quarterly installments commencing in the quarter ending September 30, 2014 and terminating on September 30, 2025.

Sub -Debt in 5 unequal quarterly installments commencing in the quarter ending September 30, 2025 and terminating on September 30, 2026:

Financial Year	Amount of Secured Non Convertible Debentures - Repayment (Amt. in Rs.)	Amount of Senior Debt from Banks Repayment (Amt. in Rs.)	Amount of senior debt from Financial Institution Repayment (Amt. in Rs.)	Amount of Sub Debt Repayment (Amt. in Rs.)
2016-17	126,460,000	132,490,044	173,909,892	
2017-18	126,460,000	141,322,716	152,909,892	
2018-19	129,960,000	150,155,384	173,909,892	
2019-20	144,260,000	158,988,056	194,909,892	
2020-21	149,820,000	167,820,724	203,309,892	
2021-22	171,440,000	185,486,068	230,647,252	
2022-23	171,420,000	194,318,732	252,929,672	
2023-24	162,380,000	675,699,235	411,936,247	
2024-25	189,540,000		268,800,000	
2025-26	219,920,000		219,450,000	275,000,000
2026-27				225,000,000
	1,591,660,000	1,806,280,959	2,282,712,631	500,000,000



Note 5: Current maturities of long-term debt

Particulars	As at March 31, 2016		As at March 31, 2015	
(a) Debentures				
(i) Secured				
Non convertible debentures		126,460,000		108,340,000
(b) Term Loans				
(i) Secured				
From banks	132,490,044		123,657,376	
From financial institutions	173,909,892	306,399,936	148,709,892	272,367,268
(ii) Unsecured				
From banks	-		228,571,429	
From financial institutions	-	-	28,571,428	257,142,857
Total		432,859,936		637,850,125

Note 6: Short-term borrowings

Particulars	As at March 31, 2016		As at March 31, 2015	
Loans repayable on demand				
Unsecured				
From Related party	3,483,277,160	3,483,277,160	2,203,800,000	2,203,800,000
Total		3,483,277,160		2,203,800,000



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2016

Note 7: Other Current liabilities

Particulars	As at March 31, 2016		As at March 31, 2015	
(a) Interest accrued but not due on borrowings - Debentures		395,674		-
(b) Statutory Dues		560,476		1,313,889
(c) Expenses Payable		3,461,407		2,522,520
(d) Payable to Related Parties for capital expenditure for others		47,268,808 -		35,513,175 98,443
(e) Income received in Advance		416,081,095		413,215,295
Total		467,767,460		452,663,322

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 year with the interest paid / payable as required under the said Act have not been given.



HAZARIBAGH RANCHI EXPRESSWAY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2016

Note 8: Fixed assets

Particulars	Gross block (at cost)			Accumulated depreciation			Net block	
	Balance as at April 1st 2015	Additions	Balance as at March 31, 2016	Balance as at April 1st 2015	Adjustments	Depreciation charge for the year	Balance as at March 31, 2016	Net block Balance as at March 31, 2015
a) Tangible assets								
Roads and bridges	11,316,175,480	89,049,804	11,405,225,284	1,708,324,122	-	724,633,185	2,432,957,307	9,607,851,358
Data processing equipments	294,871	-	294,871	291,513	-	1,940	293,453	3,358
Office equipments	55,280	-	55,280	55,274	-	2	55,276	6
Furniture and fixtures	89,592	-	89,592	34,927	-	11,321	46,248	54,665
Total	11,316,615,223	89,049,804	11,405,665,027	1,708,705,836	-	724,646,448	2,433,352,284	9,607,909,387
b) Intangible assets								
Software / Licences	63,358	-	63,358	63,340	-	15	63,355	18
Total	63,358	-	63,358	63,340	-	15	63,355	18
Grand total	11,316,678,581	89,049,804	11,405,728,385	1,708,769,176	-	724,646,463	2,433,415,639	9,607,909,405
Previous period	10,710,481,024	606,197,557	11,316,678,581	1,006,944,635	(53,567)	701,878,108	1,708,769,176	9,703,536,389



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2016

Note 9: Long-term loans and advances

Particulars	As at March 31, 2016		As at March 31, 2015	
Other loans and advances				
Unsecured, considered good				
- Pre-Paid Expenses	2,669,421		11,076,802	
- Security Deposits	805,512	3,474,933	805,512	11,882,314
Total		3,474,933		11,882,314



HAZARIBAGH RANCHI EXPRESSWAY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2016

Note 10: Trade receivables

Particulars	As at March 31, 2016		As at March 31, 2015	
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good				
- Others		-		3,229,158
Total		-		3,229,158

Note 11: Cash and cash equivalents

Particulars	As at March 31, 2016		As at March 31, 2015	
a Cash and cash equivalents				
Cash on hand	2,343		839	
Balance with banks				
- on Escrow / Current accounts (refer foot note below)	85,796,867		37,586,735	
- Fixed Deposits placed for a period less than 3 months	220,000,000	305,799,210	-	37,587,574
b Other Bank Balance				
Bank balances / deposits held as margin money or as security against borrowings or under lien less than 12 months		-		140,344,137
Total		305,799,210		177,931,711

Footnote

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, 2016		As at March 31, 2015	
Other loans and advances				
Unsecured, considered good				
- Advance payment of taxes (net of provision)	39,600,482		36,192,463	
- Cess Receivable	193,945		193,945	
- WCT Receivable	7,493,240		7,493,240	
- Pre-Paid Expenses	3,594,981		11,419,985	
- Others	-	50,882,648	16,854	55,316,487
Total		50,882,648		55,316,487

Note 13: Other current assets

Particulars	As at March 31, 2016		As at March 31, 2015	
Interest accrued but not due on Fixed Deposits		54,247		745,857
Total		54,247		745,857



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2016

Note 14: Revenue from operations

₹

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
Income from services Annuity Income		1,281,600,000		1,281,600,000
Total		1,281,600,000		1,281,600,000

Note 15: Other income

₹

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
Interest Income Interest on bank deposits		2,085,886		2,877,771
Total		2,085,886		2,877,771



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2016

Note 16: Operating expenses

Particulars	For the year ended March		For the year ended March	
Operation and maintenance expenses		58,101,583		55,334,843
Total		58,101,583		55,334,843

Note 17: Finance costs (net)

Particulars	For the year ended March		For the year ended March	
		31, 2016		31, 2015
(a) Interest expenses				
Interest on loans for fixed period		1,100,076,159		1,097,849,657
(b) Other borrowing costs				
Finance charges		32,573,798		16,864,540
Total		1,132,649,957		1,114,714,197

Note 18: Administrative and general expenses

Particulars	For the year ended March		For the year ended March	
		31, 2016		31, 2015
Legal and consultation fees	7,978,460		9,929,317	
Travelling and conveyance	308,904		673,187	
Rates and taxes	28,477		11,754	
Repairs and maintenance	3,109,070		-	
Bank commission	632,389		1,130,612	
Bad Debts	2,865,800			
Registration Expenses	-		2,500,000	
Deputation Cost	1,110,304		1,050,022	
Printing and stationery	24,100		-	
Communication expenses	50,875		47,965	
Insurance	799		799	
Electricity Charges	-		82,114	
Directors' fees	432,124		89,888	
Auditors' Remuneration	900,958		740,451	
Miscellaneous expenses	5,027	17,447,287	2,922	16,259,031
Total		17,447,287		16,259,031

Disclose the amount paid/Payable to Auditors (Including Service Tax) :

Sr. No.	Name of Party	Description	For the year ended March 31, 2016	For the year ended March 31, 2015
1	Luthra & Luthra	As a Auditor	714,875	561,800
		Other Services	186,083	178,651
		TOTAL	900,958	740,451



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2016

Note 19: Contingent liabilities, Capital Commitments and Other Information**A) Contingent liabilities :**

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
1	Demand for Assessment Year 2011-12 for which the Company's appeal is pending with the appellate authority	1,697,720	1,697,720
2	Demand for Assessment Year 2012-13 for which the Company's appeal is pending with the appellate authority	2,801,010	2,801,010

B) Operating commitments pending to be executed :

Particulars			As at March 31, 2016	As at March 31, 2015
Sr. No.	Name of Party	Description		
1	IL&FS Trust Company Limited	Estimated amount of contracts to be executed on security trusteeship fees Rs.500,000/- p.a. (upto the end of repayment of last installment of term loan)	3,500,000	4,000,000

C) Estimated amount of contracts remaining to be executed on capital and other account :

Particulars			As at March 31, 2016	As at March 31, 2015
Sr. No.	Name of Party	Description		
1	IL&FS Transportation Networks Limited	Estimated amount of contracts to be executed on capital account (net of capital advances of Rs. NIL [previous year ended March 31, 2015 Rs.NIL])	17,427,808	40,726,188
2	IL&FS Transportation Networks Limited	Estimated amount of contracts to be executed on Operation & Maintenance (Base Price Rs.44,500,000/- p.a. escalated @5% p.a. for the period upto the end of concession period)	998,044,448	1,056,146,031



Note 20: Earnings per equity share

Particulars	Unit	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit after tax and minority interest	₹	(649,159,404)	(603,654,841)
Profit available for Equity Shareholders	₹	(649,159,404)	(603,654,841)
Weighted number of Equity Shares outstanding	Numbers	131,000,000	131,000,000
Nominal Value of equity shares	₹	10.00	10.00
Basic Earnings per share	₹	(4.96)	(4.61)
Equity shares used to compute diluted earnings per share	Numbers	131,000,000	131,000,000
Diluted Earnings per share	₹	(4.96)	(4.61)



HAZARIBAGH RANCHI EXPRESSWAY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2016
Note 21: Related Party Statement

Nature of Relationship	Name of Entity	Acronym used
Holding Company :	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries	IL&FS Trust Company Limited	ITCL
	IL&FS Securities Services Limited	ISSL
	IL&FS Financial Services Limited	IFIN
	ISSL CPG BPO Pvt. Ltd.	ICBPL
Associates :	NIL	NIL
Co - Venture :	NIL	NIL
Key Management personnel and Directors:	Rajesh Dwivedi upto.22.07.2015	Manager
	Gautamkumar Tandasi w.e.f.22-07.2015	Manager
	Chandrakant Jagasia	Chief Financial Officer
	Dilip Darji	Company Secretary
	Harish Mathur upto 04.03.2015	Director
	Sanjay Minglani	Director
	Vijay Kini	Director
	M. B. Bajulge upto 19.01.2016	Director
	Milan Chakravati from 27.05.2015	Independent Director
	Paresh Shah from 27.05.2015	Independent Director
	Sumathy Iyer	Director
Other Enterprises having significant influence over HREL	Punj Lyod Limited	PLL

2. Details of balances and transactions during the period with related parties

Account head	Name of Entity	As at March 31, 2016	As at March 31, 2015
Balances:			
Share Capital	ITNL	1,309,869,000	1,309,869,000
Sundry Creditors	ITNL	47,268,808	35,611,618
Secured Loan - Sub Debt	ITNL	500,000,000	500,000,000
Unsecured Short Term Loan	ITNL	3,483,277,160	2,203,800,000
Punj Lyod Ltd	PLL	131,000	131,000
Deposit Given	ITCL	1,000	1,000
Sundry Creditors	IFIN	-	1,921
Transactions:		For the year ended March 31, 2016	For the year ended March 31, 2015
Milestone Payment	ITNL	89,049,804	557,534,048
O & M Fees	ITNL	58,101,583	55,334,843
Interest Cost	ITNL	462,263,699	282,715,506
Deputation Cost	ITNL	1,110,304	1,050,022
Security Trustee Fees paid	ITCL	568,633	898,880
Finance Charges	IFIN	11,400,000	-
Loan Taken	ITNL	1,969,477,160	1,268,800,000
Loan Repaid	ITNL	690,000,000	385,000,000
Legal & Consultation Fees	ISSL	-	16,854
Legal & Consultation Fees	ICBPL	17,175	-
Director Sitting Fees	Harish Mathur	-	15,000
Director Sitting Fees	Mukund Sapre	-	20,000
Director Sitting Fees	Sanjay Minglani	40,000	35,000
Director Sitting Fees	M. B. Bajulge	30,000	-
Director Sitting Fees	Vijay Kini	90,000	10,000
Director Sitting Fees	Milan Chakravati	90,000	-
Director Sitting Fees	Paresh Shah	90,000	-
Director Sitting Fees	Sumathy Iyer	40,000	-



HAZARIBAGH RANCHI EXPRESSWAY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2016

Note 22: Segment Information

As the Company operates in a single business as well as geographical segment, the disclosures required under the Accounting Standard on "Segment Reporting" (AS-17) notified under the Companies Accounting Standards Rules, 2006 is not applicable.

Note 23: Previous year

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

For LUTHRA & LUTHRA

Chartered Accountants
Firm Registration No.002081N

Akhilesh Gupta
Partner
Mem. No. : 89909





Place: Mumbai
Date: April 28, 2016

For and on behalf of the Board


Director

Chief Financial Officer
Place: Mumbai
Date: April 28, 2016


Director

Company Secretary