# EAST HYDERABAD EXPRESSWAY LIMITED

# FINANCIAL STATEMENTS

# 2016-2017

**INDEPENDENT AUDITORS' REPORT**

**TO THE BOARD OF DIRECTORS OF**

**M/s East Hyderabad Expressway Limited**

**I) Report on the Special Purpose Financial Statements, Hyperion Package and other deliverables as per the referral instructions**

We have audited the accompanying (a) special purpose financial statements of M/s East Hyderabad Expressway Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, First-time adoption of Indian Accounting Standards (Ind AS) reconciliation with SCA financial statements; and a summary of the significant accounting policies and other explanatory information; and (b) Hyperion Package, including all the appendices and other deliverables as listed in the referral instructions (GRI) (referred to as the "Reporting Package"). The special purpose financial statements and Reporting Package have been prepared by the Management of the Company based on the Group Referral Instructions (GRI) dated April 14, 2017 issued by the Management of IL&FS Transportation Networks Limited (ITNL) ("Parent Company").

**II) Management's Responsibility for the Special Purpose Financial Statements and the Reporting Package**

1) 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 special purpose financial statements and the Reporting Package that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder, as applicable and the accounting policies as mentioned in the GRI and in accordance with the format of special purpose financial statements and the Reporting Package as given in the GRI and Hyperion System.

2) This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; application of appropriate accounting policies as mentioned in GRI; 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 and the Reporting Package that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**III) Auditor's Responsibility**

1) Our responsibility is to express an opinion on these special purpose financial statements and the reporting package based on our audit.

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2) 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 as per the format given by the parent company's auditor.

3) We conducted our audit of the special purpose financial statements and the Reporting Package in accordance with the GRI issued by ITNL, Referral Instructions issued by Deloitte Haskins & Sells LLP and S R B C & CO LLP, parent company joint auditors and in accordance with the Standards on Auditing specified under Section 143(10) of the Act and in accordance with the materiality of Rs. 2 Million which is consistent with the materiality mentioned in "Appendix A – Acknowledgement of Referral Instructions" dated April 20, 2017 issued to the auditor's parent company. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and Reporting Package are free from material misstatement

4) An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements and reporting package. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and reporting package, 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 and reporting package 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 and reporting package.

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

**IV) Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements and the reporting package give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, as applicable and the accounting policies as mentioned in the GRI, of the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended.

**V) Emphasis of Matter(s)**

As per ITNL policy, the rate considered for recognizing Finance Income (EIR) and fair valuation of the Receivable under SCA will be finalised on achievement of PCOD / CoD for the Project. Thereafter this rate will remain constant during the balance concession period however the Company policy is different which is, the rate considered for recognizing Finance Income (EIR) and fair valuation of the Receivable under SCA is revised on revision of projected cost and timing thereof and receipt of annuity.

Our opinion is not modified in respect of this/ these matter(s).

Luthra & Luthra
New Delhi
Chartered Accountants

**VI) Restriction on Distribution and Use**

The special purpose financial statements, reporting package and our report is intended solely for the Company, the Parent Company and the auditors of the Parent Company for their consideration into the audit of Consolidated Financial Statements and should not be distributed to or used by parties other than the Company, the Parent Company and the auditors of the Parent Company.

**VII) Other Matter(s)**

The Company has prepared a separate set of financial statements for the year ended March 31, 2017 in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act on which we have issued a separate Auditor's Report to the members of the Company dated 10th May, 2017.

Our opinion is not modified in respect of this/these matter(s).

**VIII) Report on Other Legal and Regulatory Requirements**

As required by Section 143 (3) of the Act, we also 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 (including other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid special purpose financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder, as applicable.

e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Appendix P". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

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its financial statement- Refer note 35(b) 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.

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 37 to the Special Purpose financial statements.

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

Luthra & Luthra New Delhi Chartered Accountants

Akhilesh Gupta
Partner
(M. No. 89909)
Date: May 10, 2017
Place: Mumbai

SPECIAL PURPOSE FINANCIAL STATEMENT
EAST HYDERABAD EXPRESSWAY LIMITED
Balance sheet as at March 31, 2017

Amount in Rupees

| Particulars | Notes | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| **Non-current Assets** | | | | | | | |
| (a) Property, plant and equipment | 5 | | 41,584 | | 99,806 | | 2,51,95 |
| (b) Financial assets | | | | | | | |
| Other financial assets | 7 | | 2,40,85,49,437 | | 2,89,66,16,712 | | 2,70,47,95,70 |
| (c) Tax assets | | | | | | | |
| Current Tax Asset (Net) | 18 | 5,28,86,572 | 5,28,86,572 | 3,88,17,106 | 3,88,17,106 | 3,15,55,061 | 3,15,55,06 |
| (d) Other non-current assets | 10 | | 4,85,56,151 | | 4,85,56,151 | | 4,85,56,15 |
| **Total Non-current Assets (a+b+c+d)** | | | **2,51,00,33,744** | | **2,98,40,89,775** | | **2,78,51,58,87** |
| **Current Assets** | | | | | | | |
| (a) Financial assets | | | | | | | |
| Trade receivables | 6 | 31,65,16,931 | | 30,64,18,234 | | 89,03,590 | |
| Cash and cash equivalents | 9 | 2,18,58,183 | | 31,86,204 | | 1,04,37,564 | |
| Bank balances other than (ii) above | 9 | 10,12,34,001 | | 9,65,21,290 | | 9,12,99,687 | |
| Other financial assets | 8 | 48,87,14,625 | 92,83,23,740 | 45,72,73,939 | 86,33,99,667 | 66,02,68,558 | 77,09,09,39 |
| (b) Current tax assets (Net) | 23 | | 93,73,052 | | 1,37,73,052 | | 1,37,73,05 |
| (c) Other current assets | 11 | | 2,59,068 | | 1,14,001 | | 1,16,51 |
| **Total Current Assets (a+b+c)** | | | **93,79,55,860** | | **87,72,86,720** | | **78,47,98,96** |
| **Total Assets** | | | **3,44,79,89,604** | | **3,86,13,76,495** | | **3,56,99,57,83** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| (a) Equity share capital | 12 | 29,31,00,000 | | 29,31,00,000 | | 29,31,00,000 | |
| (b) Other Equity | 16 | 35,59,29,892 | 64,90,29,892 | 50,32,19,961 | 79,63,19,961 | 30,10,59,655 | 59,41,59,655 |
| **Total Equity** | | | **64,90,29,892** | | **79,63,19,961** | | **59,41,59,655** |
| **Liabilities** | | | | | | | |
| **Non-current Liabilities** | | | | | | | |
| (a) Financial Liabilities | | | | | | | |
| (i) Borrowings | 17 | 1,18,88,48,994 | | 1,67,59,00,589 | | 2,25,17,03,070 | |
| (ii) Other financial liabilities | | - | 1,18,88,48,994 | - | 1,67,59,00,589 | - | 2,25,17,03,070 |
| **Total Non-current Liabilities** | | | **1,18,88,48,994** | | **1,67,59,00,589** | | **2,25,17,03,070** |
| **Current liabilities** | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) Borrowings | 20 | 91,85,13,973 | | 63,36,24,545 | | 7,50,00,000 | |
| (ii) Trade payables | 22 | 33,97,969 | | 1,20,81,899 | | 34,69,593 | |
| (iii) Other financial liabilities | 18 | 50,54,69,597 | 1,42,73,81,539 | 51,94,77,814 | 1,16,51,84,258 | 46,46,28,571 | 54,30,98,164 |
| (b) Current tax liabilities (Net) | 23 | | - | | 4,30,00,000 | | - |
| (c) Other current liabilities | 19 | | 18,27,29,179 | | 18,09,71,687 | | 18,09,96,946 |
| **Total Current Liabilities (a+b+c)** | | | **1,61,01,10,718** | | **1,38,91,55,945** | | **72,40,95,110** |
| **Total Liabilities (2)+(3)** | | | **2,79,89,59,712** | | **3,06,50,56,534** | | **2,97,57,98,180** |
| **Total Equity and Liabilities** | | | **3,44,79,89,604** | | **3,86,13,76,495** | | **3,56,99,57,834** |

Notes 1 to 38 form part of the special purpose financial statements In terms of our report Attached.

**For and on behalf of the Board**

**Sreejith Narayanan**
Director
Din No- 07400833

**Vijay Kini**
Director
Din No 06612768

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

Luthra & Luthra New Delhi Chartered Accountants

**Akhilesh Gupta**
Partner
Membership No.-89909
Place: Mumbai
Date: 10 th May 2017

**Hiren Gor**
Chief Financial Officer
Place: Mumbai
Date: 10 th May 2017

**Rajendra Jatav**
Company Secretary
Place: Mumbai
Date: 10 th May 2017

**SPECIAL PURPOSE FINANCIAL STATEMENT**

**EAST HYDERABAD EXPRESSWAY LIMITED**

**Statement of Profit and loss for the year ended march 31 ,2017**

Amount in Rupees

| Particulars | Notes | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|
| Revenue from Operations | 24 | 21,43,97,069 | 32,16,29,543 |
| Other income | 25d | 1,66,26,933 | 30,35,35,136 |
| **Total Income** | | **23,10,24,002** | **62,51,64,678** |
| **Expenses** | | | |
| Operating expenses of SCA | 26 | 2,99,42,883 | 2,85,95,273 |
| Employee benefits expense | 27 | 1,81,200 | 35,558 |
| Finance costs | 28 | 34,04,21,789 | 34,22,22,543 |
| Depreciation and amortisation expense | 29 | 49,972 | 1,52,147 |
| Other expenses | 22 | 77,18,227 | 89,98,851 |
| **Total expenses** | | **37,83,14,071** | **38,00,04,372** |
| Profit before exceptional items and tax | | **(14,72,90,069)** | **24,51,60,306** |
| Add: Exceptional items | | | |
| Profit before tax | | **(14,72,90,069)** | **24,51,60,306** |
| Current tax | 31 | - | 4,30,00,000 |
| **Profit after tax** | | **(14,72,90,069)** | **20,21,60,306** |
| Other comprehensive income for the period attributable to: | | | |
| - Owners of the Company | | | |
| - Non-controlling interests | | | |
| | | - | - |
| Total comprehensive income for the period attributable to: | | | |
| - Owners of the Company | | | |
| - Non-controlling interests | | | |
| | | - | - |
| Earnings per equity share (for continuing operation): | 32 | | |
| (1) Basic (in Rs.) | | (0.50) | 6.90 |
| (2) Diluted (in Rs.) | | (0.50) | 6.90 |

Notes 1 to 38 form part of the special purpose financial statements in terms of our report Attached.

**For and on behalf of the Board**

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

Luthra & Luthra New Delhi Chartered Accountants

**Akhilesh Gupta**
Partner
Membership No.-89909
Place: Mumbai
Date:10 th May 2017

**Sreejith Narayanan**
Director
Din No- 07400833

**Vijay Kini**
Director
Din No 06612768

**Hiren Gor**
Chief Financial Officer
Place: Mumbai
Date:10 th May 2017

**Rajendra Jatav**
Company Secretary
Place: Mumbai
Date:10 th May 2017

SPECIAL PURPOSE FINANCIAL STATEMENT

EAST HYDERABAD EXPRESSWAY LIMITED

Statement of cash flows for the year ended March 31, 2017

| | | Amount in Rupees |
|---|---|---|
| | Year ended March 31, 2017 | Year ended March 31, 2016 |
| **Cash flows from operating activities** | | |
| Profit for the period | (14,72,90,069) | 24,51,60,306 |
| **Adjustments for:** | | |
| Finance costs recognised in profit or loss | 34,04,21,789 | 34,22,22,543 |
| Interest Income | (64,94,645) | (60,20,491) |
| Gain on disposal of property, plant and equipment | 340 | |
| Income from financial Asset | (18,44,54,186) | (29,30,34,270) |
| Depreciation and amortisation of non-current assets (continuing operations) | 49,972 | 1,52,147 |
| | **22,33,201** | **28,84,80,236** |
| **Movements in working capital:** | | |
| (Increase)/decrease in trade and other receivables | (99,54,130) | (29,75,17,155) |
| Increase/ (Decrease) in trade and other payables | (69,26,438) | 85,87,047 |
| | **(1,68,80,568)** | **(28,89,30,108)** |
| **Cash generated from operations** | (1,46,47,367) | (4,49,872) |
| Income taxes paid | (96,69,466) | (72,62,045) |
| **Net cash generated by operating activities** | **(49,77,901)** | **68,12,173** |
| **Cash flows from investing activities** | | |
| Increase / (Decrease) in Service Concession Arrangements | 64,08,52,557 | 30,42,51,161 |
| Proceeds on sale of financial assets | (9,103) | |
| Interest received | 64,71,486 | 58,23,648 |
| Movement in Other Bank Balances | (47,12,711) | (52,21,603) |
| Net cash inflow on disposal of associate | | |
| **Net cash (used in)/generated by investing activities** | **64,26,02,229** | **30,48,53,206** |
| **Cash flows from financing activities** | | |
| Proceeds from Current borrowings | 28,48,89,428 | 55,86,24,545 |
| Repayment of Current Borrowings | (47,75,71,428) | (57,17,71,428) |
| Redemption of Debentures | - | |
| Repayment of borrowings | | |
| Interest paid | (32,18,50,144) | (29,12,67,137) |
| **Net (used in)/ generated in financing activities** | **(51,45,32,144)** | **(30,44,14,020)** |
| **Net increase/ (decrease) in cash and cash equivalents** | **12,30,92,184** | **72,51,359** |
| Cash and cash equivalents at the beginning of the period | 31,86,204 | 1,04,37,564 |
| Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies | 2,18,58,183 | 31,86,204 |
| **Cash and cash equivalents at the end of the period** | **12,30,92,184** | **72,51,360** |

Notes 1 to 38 form part of the special purpose financial statements In terms of our report Attached.

**For and on behalf of the Board**

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

Luthra & Luthra Chartered Accountants New Delhi

**Akhilesh Gupta**
Partner
Membership No.-89909
Place: Mumbai
Date:10 th May 2017

**Sreejith Narayanan**
Director
Din No- 07400833

**Vijay Kini**
Director
Din No 06612768

**Hiren Gor**
Chief Financial Officer
Place: Mumbai
Date:10 th May 2017

**Rajendra Jatav**
Company Secretary
Place: Mumbai
Date:10 th May 2017

EAST HYDERABAD EXPRESSWAY LIMITED
Ind AS 101 reconciliations
Effect of Ind AS adoption on the balance sheet as at 31 march 2016 and 31 march 2015

| | | As at March 31, 2016 (End of last period presented under previous GAAP) | | | As at April 1, 2015 (End of comparable interim period presented under previous GAAP) | | |
|---|---|---|---|---|---|---|---|
| | Notes | Previous IGAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| Non-current assets | | | | | | | |
| (a) Property, plant and equipment | | 2,57,60,03,291 | (2,57,59,03,485) | 99,806 | 3,00,06,92,498 | (3,00,04,40,545) | 2,51,953 |
| (b) Capital work-in-progress | | | - | | | - | |
| (c) Investment property | | | - | | | - | |
| | | | - | | | - | |
| (d) Intangible assets | | | - | | | - | |
| (i) Goodwill | | | - | | | - | |
| (ii) under SCA | C | | - | | | - | |
| (iii) others | | | - | | | - | |
| (iv) Intangible assets under development | | | - | | | - | |
| | | | - | | | - | |
| (e) Financial assets | | | - | | | - | |
| (i) Investments | | | - | | | - | |
| a) Investments in associates | | | - | | | - | |
| b) Investments in joint ventures | | | - | | | - | |
| c) Other investments | | | - | | | - | |
| (ii) Trade receivables | | - | - | - | | - | |
| (iii) Loans | | - | - | - | | - | |
| (iv) Other financial assets | | - | 2,89,66,16,712 | 2,89,66,16,712 | | 2,70,47,95,707 | 2,70,47,95,707 |
| | | | - | | | - | |
| (f) Tax assets | | | - | | | - | |
| (i) Deferred Tax Asset (net) | | | - | | | - | |
| (ii) Current Tax Asset (Net) | | | 3,88,17,106 | 3,88,17,106 | | 3,15,55,061 | 3,15,55,061 |
| | | | - | | | - | |
| (g) Other non-current assets | B | 9,74,71,499 | (4,89,15,348) | 4,85,56,151 | 8,69,37,957 | (3,83,81,806) | 4,85,56,151 |
| | | | - | | | - | |
| Total non-current assets | | 2,67,34,74,790 | 31,06,14,985 | 2,98,40,89,775 | 3,08,76,30,455 | (30,24,71,583) | 2,78,51,58,872 |
| | | | - | | | - | |
| Current assets | | | - | | | - | |
| | | | - | | | - | |
| (a) Inventories | | | - | | | - | |
| | | | - | | | - | |
| (b) Financial assets | | | - | | | - | |
| (i) Investments | | | - | | | - | |
| (ii) Trade receivables | | 87,82,23,590 | (57,18,05,356) | 30,64,18,234 | 22,11,03,590 | (21,22,00,000) | 89,03,590 |
| (iii) Cash and cash equivalents | | 9,97,07,495 | (9,65,21,291) | 31,86,204 | 10,17,37,252 | (9,12,99,688) | 1,04,37,564 |
| (iv) Bank balances other than (iii) above | | | 9,65,21,290 | 9,65,21,290 | | 9,12,99,687 | 9,12,99,687 |
| (v) Loans | | 1,69,51,318 | (1,69,51,318) | - | 1,98,42,174 | (1,98,42,174) | - |
| (vi) Other financial assets | | | 45,72,73,939 | 45,72,73,939 | | 66,02,68,558 | 66,02,68,558 |
| | | | - | | | - | |
| (c) Current tax assets (Net) | | | 1,37,73,052 | 1,37,73,052 | | 1,37,73,052 | 1,37,73,052 |
| | | | - | | | - | |
| (d) Other current assets | B | 6,71,009 | (5,57,008) | 1,14,001 | 4,74,166 | (3,57,655) | 1,16,511 |
| | | 99,55,53,412 | (11,82,66,692) | 87,72,86,720 | 34,31,57,182 | 44,16,41,780 | 78,47,98,962 |
| | | | - | | | - | |
| Assets classified as held for sale | | | - | | | - | |
| | | | - | | | - | |
| Total current assets | | 99,55,53,412 | (11,82,66,692) | 87,72,86,720 | 34,31,57,182 | 44,16,41,780 | 78,47,98,962 |
| | | | - | | | - | |
| Total Assets | | 3,66,90,28,202 | 19,23,48,293 | 3,86,13,76,495 | 3,43,07,87,637 | 13,91,70,197 | 3,56,99,57,834 |
| | | | - | | | - | |
| Equity | | | - | | | - | |
| | | | - | | | - | |
| (a) Equity share capital | A | 29,31,00,000 | - | 29,31,00,000 | 29,31,00,000 | - | 29,31,00,000 |
| (b) Other Equity | | 29,94,42,702 | 20,37,77,259 | 50,32,19,961 | 14,15,48,687 | 15,95,10,967 | 30,10,59,655 |
| Equity attributable to owners of the Company | | 59,25,42,702 | 20,37,77,259 | 79,63,19,961 | 43,46,48,687 | 15,95,10,967 | 59,41,59,655 |
| | | | - | | | - | |
| Non-controlling interests | | | - | | | - | |
| | | | - | | | - | |
| Total equity | | 59,25,42,702 | 20,37,77,259 | 79,63,19,961 | 43,46,48,687 | 15,95,10,967 | 59,41,59,655 |
| | | | - | | | - | |
| Minority interest (previous GAAP) | | | - | | | - | |
| | | | - | | | - | |
| Non-current liabilities | | | - | | | - | |
| | | | - | | | - | |
| Financial liabilities | | | - | | | - | |
| (i) Borrowings | A & B | 1,68,73,29,554 | (1,14,28,965) | 1,67,59,00,589 | 2,27,20,43,840 | (2,03,40,770) | 2,25,17,03,070 |
| (ii) Trade and other payables | | - | - | - | | - | |
| (ii) Other financial liabilities | | | - | | - | - | - |
| | | | - | | | - | |
| Provisions | A | - | - | - | - | - | - |
| Deferred tax liabilities (Net) | | - | - | - | - | - | - |
| Other non-current liabilities | | - | - | - | | - | |
| | | | - | | | - | |
| Total non-current liabilities | | 1,68,73,29,554 | (1,14,28,965) | 1,67,59,00,589 | 2,27,20,43,840 | (2,03,40,770) | 2,25,17,03,070 |
| | | | - | | | - | |
| Current liabilities | | | - | | | - | |
| Financial liabilities | | | - | | | - | |
| (i) Borrowings | | 63,36,24,545 | - | 63,36,24,545 | 7,50,00,000 | - | 7,50,00,000 |
| (ii) Trade and other payables | | 1,20,81,899 | - | 1,20,81,899 | 34,69,593 | - | 34,69,593 |
| (iii) Other financial liabilities | | | 51,94,77,814 | 51,94,77,814 | | 46,46,28,571 | 46,46,28,571 |
| | | | - | | | - | |
| Provisions | | 4,30,00,000 | (4,30,00,000) | | | - | |
| Current tax liabilities (Net) | | 70,04,49,502 | (65,74,49,502) | 4,30,00,000 | | - | - |
| Other current liabilities | | | 18,09,71,687 | 18,09,71,687 | 64,56,25,517 | (46,46,28,571) | 18,09,96,946 |
| | | 1,38,91,55,946 | (1) | 1,38,91,55,945 | 72,40,95,110 | (0) | 72,40,95,110 |
| | | | - | | | - | |
| Liabilities directly associated with assets classified as held for sale | | | - | | | - | |
| | | | - | | | - | |
| Total current liabilities | | 1,38,91,55,946 | (1) | 1,38,91,55,945 | 72,40,95,110 | (0) | 72,40,95,110 |
| | | | - | | | - | |
| Total liabilities | | 3,07,64,85,500 | (1,14,28,966) | 3,06,50,56,534 | 2,99,61,38,950 | (2,03,40,770) | 2,97,57,98,180 |
| | | | - | | | - | |
| | | | - | | | - | |
| Total equity and liabilities | | 3,66,90,28,202 | 19,23,48,293 | 3,86,13,76,495 | 3,43,07,87,637 | 13,91,70,197 | 3,56,99,57,834 |
| Control Total | | (0) | 0 | 0 | (0) | 0 | (0) |

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| Reconciliation of total equity as at 31 march 2016 and 31 march 2015 | | | |
|---|---|---|---|
| | | | |
| | Notes | As at March 31, 2016 | As at April 1, 2015 |
| | | (End of last period presented under previous GAAP) (SCA) | (End of comparable interim period presented under previous GAAP) (SCA) |
| **Total equity / shareholders' funds under previous GAAP** | | **59,25,42,702** | **43,46,48,687** |
| | | | |
| **Adjustments:** | | | |
| add margin | | 2,40,13,90,013 | 2,78,12,45,826 |
| less annuity | | (2,65,90,00,000) | (2,65,90,00,000) |
| less accured | | | |
| Deprecation | | 42,41,22,104 | |
| Grant | | 77,65,00,000 | 77,65,00,000 |
| IDC | | (74,68,08,771) | (74,68,08,771) |
| | | | |
| Eir | | 75,73,912 | 75,73,912.00 |
| | | | |
| **Total adjustment to equity** | | **20,37,77,258** | **15,95,10,967** |
| **Total equity under Ind AS** | | **79,63,19,960** | **59,41,59,655** |
| **Control Total** | | **(1)** | **0** |

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**EAST HYDERABAD EXPRESSWAY LIMITED**
**Statement of changes in equity for the period ended 31 March 2017**

A.

| Equity share capital | As at march 31,2017 | As at march 31,2016 |
|---|---|---|
| Balance as at the begining of the period | 29,31,00,000 | 29,31,00,000 |
| Changes in equity share capital during the period | | |
| **Balance as at end of the period** | **29,31,00,000** | **29,31,00,000** |

B.

| Other equity | As at march 31,2017 | As at march 31,2016 |
|---|---|---|
| Balance as at March 31,2017 | 50,32,19,961 | 30,10,59,655 |
| Profit for the year | (14,72,90,069) | 20,21,60,306 |
| **Total comprehensive income for the period** | **(14,72,90,069)** | **20,21,60,306** |
| | | |
| **Balance as at March 31, 2017** | **35,59,29,892** | **50,32,19,961** |

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# East Hyderabad Expressway Limited

Notes to the financial statements - as on 31 st March 2017

## General Information & Significant Accounting Policies

### Note No-1

### 1. General information

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).

| **Significant terms of Service Concession Arrangements (SCA) are provided below.** | |
|---|---|
| **Particulars** | **EHEL** |
| Nature of Assets | Financial Asset |
| Year when SCA granted | 03-08-2007 |
| Period | 15 years from Commencement date i.e. 10/12/2007 |
| Extension of period | No |
| Construction | Completed |
| Premature Termination | Premature termination is permitted only upon happening of a force majeure event or upon the parties defaulting on their obligation. |
| Special Term | N.A. |
| Brief description of Concession | As per the Service Concession agreement (SCA) dated August 31, 2007 with M/s Hyderabad Urban Development Authority ("HUDA") and Hyderabad Growth Corridor Limited, the Company is required to design, develop, finance, operate and maintain 8 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, Build, Own and Transfer (Annuity) basis<br>The Concession under the SCA has been granted to the Company for a period of 15 years from December 10, 2007.<br>As per the SCA, the Company is required to operate and maintain the Project Highway by itself or through O&M contractors and if required, modify, repair, improvements to the Project Highway to comply with specifications and standards, and other requirements set forth in the agreement, good industry practice, applicable laws and applicable permits.<br>In consideration for performing its obligations under the SCA, the company is entitled to semi-annuity of Rs. 33.30 Crores on the dates specified. HUDA will retain the rights to levy and collect fees from the users of the Road and to permit advertisements, hoardings and other commercial activities at the Road site.<br>At the end of the concession period, the company will hand over the Road to HUDA without additional consideration. |

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Note No-2

## 2. Significant accounting policies

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).These are Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note xxfor the details of first-time adoption exemptions availed by the Company.

### 2.2 Basis of preparation and presentation

The financial statements have been prepared on a historical cost basis, except for the following asset and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these [consolidated] financial statements is determined on this basis.

The principal accounting policies are set out below.

### 2.3Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer

the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as contingent consideration.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.
This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

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## Note No-3

### 3.1 Accounting for rights under service concession arrangements and revenue recognition

**i. Recognition and measurement**

The Company builds, operates and maintains infrastructure assets under public-to-private Service Concession Arrangements (SCAs), which is an arrangement between the "grantor" (a public sector entity/authority) and the "operator" (a private sector entity) to provide services that give the public access to major economic and social facilities utilizing private-sector funds and expertise. The infrastructures accounted for by the Company as concessions are mainly related to the activities concerning roads.

Concession contracts are public-private agreements for periods specified in the SCAs including the construction, upgradation, restoration of infrastructure and future services associated with the operation and maintenance of assets in the concession period. Revenue recognition, as well as, the main characteristics of these contracts are detailed in Note 2.9.iii.

With respect to service concession arrangements, revenue and costs are allocated between those relating to construction services and those relating to operation & maintenance services, and are accounted for separately. Consideration received or receivable is allocated by reference to the relative fair value of services delivered when the amounts are separately identifiable. The infrastructure used in a concession are classified as an intangible asset or a financial asset, depending on the nature of the payment entitlements established in the concession agreement.

When the amount of the arrangement consideration for the provision of public services is substantially fixed by a contract, the Company recognizes revenues from construction services for public facilities (infrastructures) by the percentage-of-completion method, and recognizes the consideration as a financial asset and the same is classified as "Receivables against Service Concession Arrangements". The Company accounts for such financial assets at amortized cost, calculates interest income based on the effective interest method and recognizes it in revenue as Finance Income.

**ii. Contractual obligation to restore the infrastructure to a specified level of serviceability**

The Company has contractual obligations to maintain the infrastructure to a specified level of serviceability or restore the infrastructure to a specified condition during the concession period and/or at the time of hand over to the grantor of the SCA. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. In case of concession arrangements under financial asset model, such costs are recognized in the period in which such costs are actually incurred.

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## iii. Revenue recognition

Once the infrastructure is in operation, the treatment of income is as follows:

Finance income for concession arrangements under financial asset model is recognized using the effective interest method. Revenues from operations and maintenance services and overlay services are recognized in each period as and when services are rendered in accordance with Ind AS 18 Revenue.

## iv. Revenue from construction contracts

The Company recognizes and measures revenue, costs and margin for providing construction services during the period of construction of the infrastructure in accordance with Ind AS 11 'Construction Contracts'.

When the outcome of a construction contract can be estimated reliably and it is probable that it will be profitable, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs.

For the purposes of recognizing revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognized in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred of which recovery is probable and the related contract costs are recognized as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

**v. Borrowing cost related to SCAs**

In case of concession arrangement under financial asset model, borrowing costs attributable to construction of the infrastructure are charged to Statement of Profit and Loss in the period in which such costs are incurred.

In case of concession arrangement under intangible asset model, borrowing costs attributable to the construction of infrastructure assets are capitalised up to the date of the final completion certificate of the asset / facility received from the authority for its intended use specified in the Concession Agreement. All borrowing costs subsequent to the capitalization of the intangible assets are charged to the Statement of Profit and Loss in the period in which such costs are incurred.

**vi. Claims**

Claims raised with the concession granting authority towards reimbursement for costs incurred due to delay in handing over of unencumbered land to the Company for construction or other delays attributable solely to the concession granting authority are recognised when there are is a reasonable certainty that there will be inflow of economic benefits to the Company. The claims when recognized as such are reduced from the carrying amount of the intangible asset / financial asset under the service concession arrangement, as the case may be, to the extent the claims relate to costs earlier included as a part of the carrying amount of these assets. Further, these claims are credited to profit or loss to the extent they relate to costs earlier debited to profit or loss. The claims are presented separately as a financial asset

**3.2 Borrowing costs**

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to the financing of construction of development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which tare incurred.

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## 3.3 Taxation

### Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reportingperiod.

The provision for tax is taken for each consolidating entity on the basis of the standalone financial statements prepared under Ind AS by that entity and aggregated for the purpose of the consolidated financial statements.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets (including unused tax credits such as MAT credit and unused tax losses such as carried forward business loss and unabsorbed depreciation) are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferredtax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilizethe benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

**3.4 Property, plant and equipment**

Property, plant and equipment 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 capitalized up to the date when the asset is ready for its intended use.

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.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying of the asset and is recognised in profit or loss.

**3.5Impairment of tangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In assessing value in use, the estimated future cash flows are discounted to their present value using appropriate discount rate.

Recoverable amount is the higher of fair value less costs of disposal and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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**3.6Financial instruments**

Financial assets and financial liabilities are recognized when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL) are recognized immediately in the statement of profit and loss.

**3.7 Financial assets**

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

**3.7.1 Classification of financial assets – debt instruments**

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):
the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**3.7.2 Amortised cost and Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

**3.7.3 Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

**3.7.3.1 Derecognition of financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If [the Company] the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes acollateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financialasset.

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On derecognition of a financial asset other than in its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset), [the Company] the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### 3.7.4 Modification of Cash Flows of financial assets and revision in estimates of Cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with Ind AS 109, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred are adjusted to the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If the Company revises its estimates of payments or receipts (excluding modifications and changes in estimates of expected credit losses), it adjusts the gross carrying amount of the financial asset or amortized cost of a financial liability to reflect actual and revised estimated contractual cash flows. The Company recalculates the gross carrying amount of the financial asset or amortized cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate. The adjustment is recognized in profit or loss as income or expense.

### 3.8Financial liabilities and equity instruments-

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**3.8.1 Classification as debt or equity**

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

**3.8.2 Financial liabilities**

All financial liabilities are subsequently measured at amortized cost using the effective interest method

**3.8.3 Financial liabilities subsequently measured at amortised cost**

Financial liabilities are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' lineitem.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**3.8.4 Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**3.9 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### 3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be madeof the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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## Note No-4

### 4.1First-time adoption optional exemptions

### 4.1.1 Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailedbelow

### 4.1.2 Derecognition of financial assets and financial liabilities

the Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

### 4.1.3 Accounting for changes in parent's ownership in a subsidiary that does not result in a loss of control

The Company has accounted for changes in a parent's ownership in a subsidiary that does not result in a loss of control in accordance with Ind AS 110, prospectively from the date of transition.

### 4.1.4 Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortizedcost criteria or the FVOCI criteria based on the facts and circumstances that existed as of the transition date.

### 4.1.5 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in creditrisk since initial recognition, as permitted by Ind AS 101.

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### 4.1.6Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2015.

Consequently,

- The Company has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- the Company has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS inthe separate balance sheet of the acquiree;the Company has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under IndAS;
- the Company has tested the goodwill for impairment at the transition date based on the conditions as ofthe transition date;
- theeffects of the above adjustments have been given to the measurement of non-controlling interestsanddeferred tax.

The Company has not applied Ind AS 21- The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before the transition date.

The above exemptions in respect of business combinations have also been applied to past acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in Ind AS 103.

### 4.2. Critical accounting judgments and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the Financial Statements and the reported amounts of income and expenses for the periods presented.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of Financial Statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of receivable under SCA, valuation of deferred tax assets, provisions and contingent liabilities.

EAST HYDERABAD EXPRESSWAY LIMITED
5. Fixed Asset as on 31 st March 2017
**March 2017**

| Particulars | Cost or Deemed cost | | | Accumulated depreciation and impairment | | | | Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|
| | Balance as at April 1, 2016 | Revaluation increase /(Decrease) | Balance at March31, 2017 | Balance as at April 1, 2016 | Reversals of impairment losses recognised in profit or loss | Depreciation expense | Balance at March31, 2017 | As at March 31,2017 | As at April 1, 2016 |
| Property plant and equipment | | | | | | | | | |
| Vehicles | 5,88,583 | - | 5,88,583 | 5,61,811 | - | 21,758 | 5,83,569 | 5,014 | 26,772 |
| Data processing equipments | 3,90,940 | (11) | 3,90,929 | 3,90,917 | - | - | 3,90,917 | 12 | 23 |
| Office equipments | 2,86,520 | (2,216) | 2,84,304 | 2,82,653 | (544) | 2,166 | 2,84,275 | 29 | 3,867 |
| Furniture and fixtures | 3,34,291 | (6,876) | 3,27,415 | 2,65,147 | (309) | 26,048 | 2,90,886 | 36,529 | 69,144 |
| Total | 16,00,334 | (9,103) | 15,91,231 | 15,00,528 | (853) | 49,972 | 15,49,647 | 41,584 | 99,806 |

**March 2016**
**Previous Year**

| Particulars | Cost or Deemed cost | | | Accumulated depreciation and impairment | | | | Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|
| | Balance as at April 1, 2015 | Revaluation increase /(Decrease) | Balance at March 31, 2016 | Balance as at April 1, 2015 | Reversals of impairment losses recognised in profit or loss | Depreciation expense | Balance at March 31, 2016 | As at March 31, 2016 | As at April 1, 2015 |
| Vehicles | 5,88,583 | - | 5,88,583 | 4,44,692 | - | 1,17,119 | 5,61,811 | 26,772 | 1,43,891 |
| Data processing equipments | 3,90,940 | - | 3,90,940 | 3,90,917 | - | - | 3,90,917 | 23 | 23 |
| Office equipments | 2,86,520 | - | 2,86,520 | 2,76,155 | - | 6,498 | 2,82,653 | 3,867 | 10,365 |
| Furniture and fixtures | 3,34,291 | - | 3,34,291 | 2,36,617 | - | 28,530 | 2,65,147 | 69,144 | 97,674 |
| Land | - | - | - | - | - | - | - | - | - |
| Total | 16,00,334 | - | 16,00,334 | 13,48,381 | - | 1,52,147 | 15,00,528 | 99,806 | 2,51,953 |

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**6. Trade receivables- Current**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| (a) Unsecured, considered good | | | |
| Trade receivables outstanding for a period less than six months from the date they are due for payment | - | 29,75,14,645 | |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | 31,65,16,931 | 89,03,590 | 89,03,590 |
| **Total** | **31,65,16,931** | **30,64,18,235** | **89,03,590** |

**7. Other financial assets - Non current**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Receivable under service concession arrangements | 2,40,85,37,437 | 2,89,66,04,212 | 2,70,47,83,208 |
| Security Deposit | 12,000 | 12,500 | 12,500 |
| **Total** | **2,40,85,49,437** | **2,89,66,16,712** | **2,70,47,95,708** |

**8. Other financial assets - Current**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Receivable under service concession arrangements | 48,80,66,775 | 45,66,02,931 | **65,97,94,392** |
| Interest on Fixed Deposit | 6,47,850 | 6,71,009 | 4,74,166 |
| **Total** | **48,87,14,625** | **45,72,73,940** | **66,02,68,558** |

**9. Cash and cash equivalents**

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

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Balances with Banks | 2,18,51,291 | 31,61,786 | 1,04,31,327 |
| Cash on hand | 6,892 | 24,419 | 6,238 |
| Cash and cash equivalents | 2,18,58,183 | 31,86,205 | 1,04,37,565 |
| Balances held as margin money or as security against borrowings | 10,12,34,001 | 9,65,21,290 | 9,12,99,687 |
| Other bank balances | 10,12,34,001 | 9,65,21,290 | **9,12,99,687** |

**10. Other assets - Non Current**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Advances to related parties | 4,85,56,151 | 4,85,56,151 | 4,85,56,151 |

**11. Other assets - Current**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Prepaid expenses | 2,59,068 | 1,14,001 | 1,16,511 |

**EAST HYDERABAD EXPRESSWAY LIMITED**

Notes to the financial statements - as on 31 st March 2017

**12.Equity Share Capital**

| Particulars | As at March 31, 2017 | As at March 31, 2017 | As at April 1, 2015 |
|---|---|---|---|
| Equity share capital | 29,31,00,000 | 29,31,00,000 | 29,31,00,000 |
| **Total** | 29,31,00,000 | 29,31,00,000 | 29,31,00,000 |

| | | | |
|---|---|---|---|
| **Authorised Share capital :** | | | |
| 30000000 equity shares of Rs.10 each | 30,00,00,000 | 30,00,00,000 | 30,00,00,000 |
| **Issued and subscribed capital comprises:** | | | |
| Equity shares of Rs. 10/- each fully paid up (as at March 31, 2017: Rs. 29,31,00,000; as at March31, 2016: Rs. 29,31,00,000) | 29,31,00,000 | 29,31,00,000 | 29,31,00,000 |
| | **29,31,00,000** | **29,31,00,000** | **29,31,00,000** |

**13.Movement of Equity Shares during the period**

| | For the Year ended March 31, 2017 | | For the Year ended March 31, 2016 | | For the Year ended April 1,2015 | |
|---|---|---|---|---|---|---|
| Particulars | Number of shares | Share capital (Amount) | Number of shares | Share capital (Amount) | Number of shares | Share capital (Amount) |
| Balance at the start of the period | 2,93,10,000 | 29,31,00,000 | 2,93,10,000 | 29,31,00,000 | 2,93,10,000 | 29,31,00,000 |
| Movements | | | - | - | - | - |
| Balance at the end of the period | 2,93,10,000 | 29,31,00,000 | 2,93,10,000 | 29,31,00,000 | 2,93,10,000 | 29,31,00,000 |

**Foot Notes:**

**i. Terms / Rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. Each holder of these ordinary shares are entitiled 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

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**14.Details of equity shares held by the holding company, the ultimate controlling party, their subsidiaries and associates**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| IL&FS Transportation Networks Limited, the holding company | 2,16,89,400 | 2,16,89,400 | 2,16,89,400 |
| Infrastructure Leasing & Financial Services Limited, the ultimate Holding Company | 29,31,000 | - | - |
| **Total** | **2,46,20,400** | **2,16,89,400** | **2,16,89,400** |

**15.Details of Equity shares held by each shareholder holding more than 5% shares**

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares |
| Fully paid equity shares | | | | | | |
| IL&FS Transportation Networks Limited (the Holding Company) | 2,16,89,400 | 74 | 2,16,89,400 | 74 | 2,16,89,400 | 74 |
| KMC Construction Limited (Company with significant influence) | 29,31,000 | 10 | 29,31,000 | 10 | 29,31,000 | 10 |
| KMC Infratech Limited (Company with significant influence) | 46,89,600 | 16 | 46,89,600 | 16 | 46,89,600 | 16 |
| **Total** | **2,93,10,000** | **100** | **2,93,10,000** | **100** | **2,93,10,000** | **100** |

**16.Other Equity (excluding non-controlling interests)**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| General reserve (Refer Note 1 ) | | | |
| Balance at beginning of the period | | | |
| Movements [describe] | | | |
| **Balance at end of the period** | | - | - |
| **Retained earning** | | | |
| Balance at beginning of the period | 50,32,19,961 | 30,10,59,655 | 30,10,59,655 |
| Loss for the period | (14,72,90,069) | 20,21,60,306 | - |
| **Balance at end of the period** | **35,59,29,892** | **50,32,19,961** | **30,10,59,655** |

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### 17. Non-current Borrowings

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Unsecured – at amortised cost** | | | |
| Term loans | | | |
| - from banks | - | 14,85,71,429 | 29,71,42,857 |
| - from other parties | - | - | 10,71,42,858 |
| Unamortise cost on borrowing | - | (43,52,323) | (1,01,98,638) |
| Loans from related parties | - | - | - |
| | | | |
| **Secured – at amortised cost** | | | |
| Term loans | | | |
| - from banks | 75,00,08,125 | 96,72,08,125.00 | 1,17,40,08,125 |
| - from other parties | 44,33,50,000 | 57,15,50,000 | 69,37,50,000 |
| Unamortise cost on borrowing | (45,09,133) | (70,76,642) | (1,01,42,133) |
| **Total Non-current borrowings** | **1,18,88,48,992** | **1,67,59,00,589** | **2,25,17,03,070** |

### 18. Other financial liabilities - Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Current maturities of long-term debt | | | |
| **Secured** | | | |
| Term loans | | | |
| - from banks | 21,72,00,000 | 20,68,00,000 | 17,20,00,000 |
| - from other parties | 12,82,00,000 | 12,22,00,000 | 10,12,00,000 |
| | | | |
| **Unsecured** | | | |
| Term loans | | | |
| - from banks | 14,85,71,430 | 14,85,71,429 | 14,85,71,429 |
| Unamortise cost on borrowing | (12,22,621) | - | - |
| - from other parties | - | - | 4,28,57,142 |
| Application money received for allotment of securities to the extent refundable and interest accrued thereon | 1,27,20,788 | 4,19,06,385 | - |
| Total | **50,54,69,597** | **51,94,77,814** | **46,46,28,571** |

### 19. Other current liabilities

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Amount due to customers under construction contracts | | | |
| Others | | | |
| Statutory Dues | 9,62,043 | 99,112 | 10,090 |
| Other current Liablilities - Related party | 17,74,48,745 | 17,74,48,745 | 17,74,48,745 |
| 'Other sundry payable | 43,18,391 | 34,23,830 | 35,38,111 |
| Deferred revenue | | | |
| **Total** | **18,27,29,179** | **18,09,71,687** | **18,09,96,946** |

### 20. Current Borrowings

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Unsecured - at amortised cost** | | | |
| from others | | | |
| Loans from related parties | 46,85,13,973 | 63,36,24,545 | 7,50,00,000 |
| Loans from banks | 45,00,00,000 | - | - |
| **Total** | **91,85,13,973** | **63,36,24,545** | **7,50,00,000** |

### 21. Trade payables - Non Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Trade payables | | | |
| Others [describe] | | | |
| **Total** | - | - | - |

### 22. Trade payables - Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Trade payables | | | |
| To Related Parties | 30,31,141 | 1,17,15,071 | 31,02,765 |
| To Others | 3,66,828 | 3,66,828 | 3,66,828 |
| **Total** | **33,97,969** | **1,20,81,899** | **34,69,593** |

### 23. Current tax assets and liabilities

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Current tax assets** | | | |
| Advance Tax | 6,22,59,624 | 95,90,158 | 4,53,28,113 |
| **Current tax liabilities** | | | |
| Others | - | 4,30,00,000 | - |
| Current Tax Assets (Non-current portion) | 5,28,86,572 | 3,88,17,106 | 3,15,55,061 |
| Current Tax Assets (Current portion) | 93,73,052 | 1,37,73,052 | 1,37,73,052 |

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### 24. Revenue from operations

The following is details of the Company's revenue for the period from continuing operations

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| (a) Construction income | | |
| (b) Operation and maintenance income | 3,16,99,243 | 3,11,22,497 |
| (c) Finance income | 18,26,97,827 | 29,05,07,046 |
| **Total** | **21,43,97,069** | **32,16,29,543** |

### 25. Other Income

a) Interest Income

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Bank deposits (at amortised cost) | 64,94,645 | 60,20,491 |
| **Total (a)** | **64,94,645** | **60,20,491** |

**b) Other Non-Operating Income (Net of expenses directly attributable to such income)**

| | | |
|---|---|---|
| Income form Claim | 1,00,98,697 | 29,75,14,645 |

**c) Other gains and losses**

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Gain/(loss) on disposal of property, plant and equipment | 33,591 | - |
| **(a+b+c)** | **1,66,26,933** | **30,35,35,136** |

### 26. Operating Expenses of SCA

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Operating Expenses of SCA** | | |
| Operation and maintenance expenses | 2,99,42,883 | 2,85,95,273 |
| **Total** | **2,99,42,883** | **2,85,95,273** |

### 27. Employee benefits expense

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Salaries and Wages | 1,81,200 | 35,558 |
| **Total** | **1,81,200** | **35,558** |

### 28. Finance costs

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Continuing operations** | | |
| (a) Interest costs :- | | |
| Interest on bank overdrafts and loans (from related parties) | 33,45,70,932 | 33,31,73,522 |
| **Total** | **33,45,70,932** | **33,31,73,522** |
| (d) Other borrowing costs | 58,50,857 | 90,49,021 |
| **Total (a+b+c+d)** | **34,04,21,789** | **34,22,22,543** |

## 29. Depreciation and amortisation expense

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Depreciation of property, plant and equipment pertaining to continuing operations (Note 5) | 49,972 | 1,52,147 |
| **Total depreciation and amortisation pertaining to continuing operations** | **49,972** | **1,52,147** |

## 30. Other expenses

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Power and fuel | | |
| Deputation Cost | 9,98,031 | 9,56,208 |
| Travelling and conveyance | 62,639 | 1,62,962 |
| Legal and consultation fees | 45,49,938 | 47,92,093 |
| Rates and taxes | 30,740 | 15,953 |
| Repairs and Maintenance | 9,44,383 | 15,32,343 |
| Communication expenses | 152 | - |
| Insurance | - | 700 |
| Printing and Stationary | 1,750 | - |
| Directors Fees | 4,13,400 | 4,09,588 |
| Loss on sale of Property, Plant and Equipment | 340 | - |
| Auditors' Remuneration | 7,07,875 | 10,05,730 |
| Miscellaneous expenses | 8,979 | 1,23,274 |
| **Total** | **77,18,227** | **89,98,851** |

| Payments to auditors | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| a) For audit | | 2,29,000 |
| b) For other services | 7,07,875 | 7,76,730 |
| **Total** | **7,07,875** | **10,05,730** |

## 31. Income tax recognised in profit or loss

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Current tax** | | |
| In respect of the current period | - | 4,30,00,000 |
| Total income tax expense recognised in the current period relating to continuing Operations | - | 4,30,00,000 |

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Profit before tax from continuing operations | (14,72,90,069) | 20,21,60,306 |
| Income tax expense calculated at 33.99% (2015-2016: 33.99%) | (5,00,63,894) | 6,87,14,288 |
| Effect of income that is exempt from taxation | | |
| Effect to deferred taxes reversal in the tax holiday period | 5,00,63,894 | (6,87,14,288) |

The tax rate used for the 2016-2017 and 2015-2016 reconciliations above is the corporate tax rate of 33.99% payable by corporate entities in India on taxable profits under the Indian tax

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## 32 Earnings per share

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| From Continuing operations | Rs. per share | Rs. per share |
| Basic earnings per share | (0.50) | 6.90 |
| Diluted earnings per share | (0.50) | 6.90 |

### 32.1. Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Profit for the period attributable to owners of the Company | (14,72,90,069) | 20,21,60,306 |
| Less: 2% Preference Dividend on Redeemable optionally convertible preference shares | | |
| (A) | (14,72,90,069) | 20,21,60,306 |
| Weighted average number of equity shares for the purposes of basic earnings per share (B) | 29,31,00,000 | 2,93,10,000 |
| **Basic Earnings per share (A/B)** | (0.50) | 6.90 |

### 32.2 Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows.
The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Earnings used in the calculation of basic earnings per share | (14,72,90,069) | 20,21,60,306 |
| Adjustments (describe) | | |
| Earnings used in the calculation of diluted earnings per share (A) | (14,72,90,069) | 20,21,60,306 |
| Weighted average number of equity shares used in the calculation of basic earnings per share | 29,31,00,000 | 2,93,10,000 |
| Adjustments: | | |
| Potential Number of equity shares after coversion of preference shares | - | - |
| Weighted average number of equity shares used in the calculation of diluted earnings per share (B) | 29,31,00,000 | 2,93,10,000 |
| Diluted earnings per share (A/B) | (0.50) | 6.90 |

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**EAST HYDERABAD EXPRESSWAY LIMITED**
Notes to the financial statements - as on 31 st March 2017

**33. Financial instruments**
**33.1 Capital management**

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

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

33.1.1 Gearing ratio

The gearing ratio at end of the reporting period was as follows.

Amount in Rupees

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Debt (i) | 2,60,01,11,776 | 2,78,70,96,563 | 2,79,13,31,641 |
| Cash and bank balances (including cash and bank balances in a disposal company held for sale) | 12,30,92,184 | 9,97,07,495 | 11,61,60,525 |
| Net debt | 2,47,70,19,592 | 2,68,73,89,068 | 2,67,51,71,116 |
| Equity (ii) | 64,90,29,892 | 79,63,19,961 | 59,41,59,655 |
| Net debt to equity ratio | 3.82 | 3.37 | 4.50 |

Debt is defined as long- and short-term borrowings (excluding derivative, financial guarantee contracts and contingent consideration)

**33.2 Categories of financial instruments**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and bank balances (including cash and bank balances in a disposal company held for sale) | 12,30,92,184 | 9,97,07,495 | 11,61,60,525 |
| Receivables against service concession arrangements | 2,89,66,04,212 | 3,35,32,07,143 | 3,41,39,82,052 |
| Other Receivable | 31,71,76,781 | 30,71,01,744 | 94,69,601 |
| **Financial liabilities** | | | |
| Financial Liabilities measured at amortised cost | 2,60,01,11,776 | 2,78,70,96,563 | 2,79,13,31,641 |
| Others Payables | 1,61,18,757 | 5,39,88,284 | 4,15,51,202 |

**33.3 Financial risk management objectives**
The financial risks mainly include market risk (interest rate risk), credit risk and liquidity risk.

**35.4 Market risk**
The activities expose it primarily to the financial risks of changes in interest rates.
There has been no significant change to the exposure to market risks or the manner in which these risks are managed and measured.

**33.5 Interest rate risk management**
The company is exposed to interest rate risk because it borrows funds primarily at floating interest rates. However, the interest rates are dependent on prime lending rates of the Banks which are not expected to change very frequently and the estimate of the management is that these will not have a significant upward trend

### 33.6 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

### 33.7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the company uses other publicly available financial information and its own trading records to rate its major customers. The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

### 33.8 Liquidity risk management

The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 35.8.1 below sets out details of additional undrawn facilities that the company has at its disposal to further reduce liquidity risk.

#### 33.8.1 Liquidity and interest risk tables

The company manage liquidity risk by maninting adequate reserve, banking facility & reserve borrowing facility by contineously monitoring forecast and actual cash flow and by matching the maturity profile of assets and liabilities.

| Particulars | 31-Mar-17 | | | | 31-Mar-16 | | | |
|---|---|---|---|---|---|---|---|---|
| | Non-interest bearing | Finance lease liability | Variable interest rate instruments | Fixed interest rate instruments | Non-interest bearing | Finance lease liability | Variable interest rate instruments | Fixed interest rate instruments |
| Weighted average effective interest rate (%) | | | | | | | | |
| Less than 1 Year | 5647262 | | 365771430 | 1275335379 | 3889770 | | 355371429 | 819785870.5 |
| 1-3 years | | | | 796303300 | | | | 1345132573 |
| 3 - 5 years | | | | 399704992 | | | | 817531211 |
| 5+ years | | | | | | | | |
| | | | | | | | | |
| Total | 5647262 | 0 | 365771430 | 2471343670 | 3889770 | 0 | 355371429 | 2982449655 |

Based on expectations at the end of the reporting period, the company considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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

| Particulars | 31-Mar-17 | | | 31-Mar-16 | | |
|---|---|---|---|---|---|---|
| | Non-interest bearing | Variable interest rate instruments | Fixed interest rate instruments | Non-interest bearing | Variable interest rate instruments | Fixed interest rate instruments |
| Weighted average effective interest rate (%) | | | | | | |
| Less than 1 Year | 21858183 | 0 | 33,20,08,895 | 3186205 | 0 | 641057117 |
| 1-3 years | 0 | 0 | 1,26,41,86,065 | 0 | 0 | 964952687 |
| 3 - 5 years | 12000 | 0 | 1,25,73,37,547 | 12500 | 0 | 1260846512 |
| 5+ years | 0 | 0 | 23,30,59,747 | 0 | 0 | 860793054 |
| | | | | | | |
| Total | 21870183 | 0 | 3086592253 | 3198705 | 0 | 3727649370 |

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

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

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**33.9 Fair value measurements**

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

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

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

| Financial assets/ financial liabilities | As at Mar 31, 2017 | | As at Mar 31, 2016 | | As at Mar 31, 2015 | |
|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | | | |
| Financial assets at amortised cost: | 3,33,68,73,177 | 3,33,68,73,177 | 3,76,00,16,381 | 3,76,00,16,381 | 3,53,96,12,178 | 3,53,96,12,178 |
| Receivables under service concession arrangements | 2,89,66,04,212 | 2,89,66,04,212 | 3,35,32,07,143 | 3,35,32,07,143 | 3,41,39,82,052 | 3,41,39,82,052 |
| Cash and bank balances | 12,30,92,184 | 12,30,92,184 | 9,97,07,495 | 9,97,07,495 | 11,61,60,525 | 11,61,60,525 |
| Other Receivable | 31,71,76,781 | 31,71,76,781 | 30,71,01,744 | 30,71,01,744 | 94,69,601 | 94,69,601 |
| **Financial liabilities** | | | | | | |
| Financial liabilities held at amortised cost: | 2,61,62,30,533 | 2,61,62,30,533 | 2,84,10,84,847 | 2,84,10,84,847 | 2,83,28,82,843 | 2,83,28,82,843 |
| - Borrowing including interest accured | 2,60,01,11,776 | 2,60,01,11,776 | 2,78,70,96,563 | 2,78,70,96,563 | 2,79,13,31,641 | 2,79,13,31,641 |
| - loans from related parties | 1,61,18,757 | 1,61,18,757 | 5,39,88,284 | 5,39,88,284 | 4,15,51,202 | 4,15,51,202 |

Herein, while the financial liabilities is represented by borrowings of the projects, the financial assets primarily represent receivables from annuity projects

The fair values of the financial assets and financial liabilities included in the level 3 category above has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

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**As at March 31, 2017**

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

| Nature of Relationship | Name of Entity | Abbreviation used |
|---|---|---|
| Ultimate Holding Company | Infrastructure Leasing & Financial Services Limited | IL&FS |
| Holding Company | IL&FS Transportation Networks Limited | ITNL |
| Fellow Subsidiaries (Only with whom there have been transaction during the period/ there was balance outstanding at the year end) | Elsamex India Pvt. Ltd | ELSAMEX |
| | IL&FS Cluster Development Initiative Limited. ("ICDIL") | ICDIL |
| | Bhopal e-Governance Ltd | Bhopal |
| | Sabarmati Capital One Limited | SCOL |
| | IL&FS Securities Services Limited | ISSL |
| Key Management Personnel ("KMP") and Directors | Mr. Rajesh Udupe | |
| | Mr Sreejit Narayanan | |
| | Mr. Vijay Kini | |
| | Mr.Rajeev Dubey | |
| | Mr.Goutam Mukherjee - Independent Director | |
| | Mr.Rupak Ghosh - Independent Director | |
| | Mr Rajendra Kumar Jatav- Company Secretary | |
| | Mr.D Sailu - Manager | |

**As at March 31, 2016**

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

| Nature of Relationship | Name of Entity | Abbreviation used |
|---|---|---|
| Ultimate Holding Company | Infrastructure Leasing & Financial Services Limited | IL&FS |
| Holding Company | IL&FS Transportation Networks Limited | ITNL |
| Fellow Subsidiaries (Only with whom there have been transaction during the period/ there was balance outstanding at the year end) | IL&FS Trust Company Limited | ITCL |
| | IL&FS Cluster Development Initiative Limited. ("ICDIL") | ICDIL |
| | IL&FS Securities Services Limited | ISSL |
| | Elsamex India Pvt. Ltd | ELSAMEX |
| Key Management Personnel ("KMP") and Directors | Mr.Rajeev Dubey | |
| | Mr Sreejit Narayanan | |
| | Mr. Rajesh Udupe | |
| | Mr. Vijay Kini | |
| | Mr.Goutam Mukherjee - Independent Director | |
| | Mr.Rupak Ghosh- Independent Director | |
| | Mr Rajendra Kumar Jatav- Company Secretary | |
| | Mr.D Sailu - Manager (with effect from 21 Jan 2016) | |

EAST HYDERABAD EXPRESSWAY LIMITED
Year ended March 31, 2017
(b) transactions/ balances with above mentioned related parties (mentioned in note 34 above)

Amount in Rupees

| Particulars | Company Name | Ultimate Holding Company | Holding Company | Subsidiaries | Fellow Subsidiaries | Associates | Joint Arrangements | Key Management personnel and relatives | Total |
|---|---|---|---|---|---|---|---|---|---|
| Balance | | | | | | | | | - |
| Trade Payables | ITNL | | 13,118 | | | | | | 13,118 |
| Nomination deposit Payables | ITNL | | - | | | | | | - |
| Short Term Borrowing | ITNL | | 9,35,13,973 | | | | | | 9,35,13,973 |
| Interest accrued on short term loan | ITNL | | 1,24,03,735 | | | | | | 1,24,03,735 |
| Equity share Capital | ITNL | | 21,68,94,000 | | | | | | 21,68,94,000 |
| Interest accrued on short term loan | Bhopal | | | | 1,62,740 | | | | 1,62,740 |
| Interest accrued on short term loan | SCOL | | | | 70,120 | | | | 70,120 |
| Short Term Borrowing | ICDIL | | | | (23,671) | | | | (23,671) |
| Short Term Borrowing | Bhopal | | | | 20,00,00,000 | | | | 20,00,00,000 |
| Short Term Borrowing | SCOL | | | | 17,50,00,000 | | | | 17,50,00,000 |
| Interest accrued on short term loan | Apptex | | | | | | | | - |
| Trade Payables | KMC | | | | | 3,91,42,917 | | | 3,91,42,917 |
| Retention payable against milestone payment & others | KMC | | | | | 17,74,48,745 | | | 17,74,48,745 |
| Equity share Capital | KMC | | | | | 2,93,10,000 | | | 2,93,10,000 |
| Mobilization advance recoverable | KMC | | | | | 2,13,11,759 | | | 2,13,11,759 |
| Expenses recoverable made on behalf related party | KMC | | | | | 6,33,69,286 | | | 6,33,69,286 |
| Equity share Capital | KIL | | | | | 4,68,96,000 | | | 4,68,96,000 |

| Transactions | Company Name | Ultimate Holding Company | Holding Company | Subsidiaries | Fellow Subsidiaries | Associates | Joint Arrangements | Key Management personnel and relatives | Total |
|---|---|---|---|---|---|---|---|---|---|
| Routine Maintenance Expenses | ITNL | | 2,99,42,883 | | | | | | 2,99,42,883 |
| *Short term loan taken* | ITNL | | 1,48,88,01,314 | | | | | | 1,48,88,01,314 |
| Short Term Loan repaid | ITNL | | 2,02,89,11,886 | | | | | | 2,02,89,11,886 |
| *Deputation Staff* | ITNL | | 9,98,031 | | | | | | 9,98,031 |
| Interest on short term loan | ITNL | | 4,45,27,516 | | | | | | 4,45,27,516 |
| Nomination deposit | ITNL | | 1,00,000 | | | | | | 1,00,000 |
| Interest expenses | ICDIL | | | | 6,33,33,695 | | | | 6,33,33,695 |
| Interest expenses | Apptex | | | | 1,56,05,479 | | | | 1,56,05,479 |
| Interest expenses | SCOL | | | | 77,911 | | | | 77,911 |
| Interest expenses | Bhopal | | | | 1,80,822 | | | | 1,80,822 |
| Short term loan taken | ICDIL | | | | 57,00,00,000 | | | | 57,00,00,000 |
| Short term loan taken | Apptex | | | | 20,00,00,000 | | | | 20,00,00,000 |
| Short term loan taken | SCOL | | | | 17,50,00,000 | | | | 17,50,00,000 |
| Short term loan taken | Bhopal | | | | 20,00,00,000 | | | | 20,00,00,000 |
| Finance Charges - Security Trustee Fees | ITCL | | | | 1,14,500 | | | | 1,14,500 |
| *Professional Fees* | ISSL CPG | | | | | | | - | - |
| *Salary paid to Rajendra Jatav* | Company Secretary | | | | | | | 1,81,200 | 1,81,200 |
| *Director Sitting Fees* | Mr.Rajeev Dubey | | | | | | | 40,000 | 40,000 |
| Director Sitting Fees | Mr. Rajesh Udupe | | | | | | | - | - |
| *Director Sitting Fees* | Mr. Vijay Kini | | | | | | | 90,000 | 90,000 |
| *Director Sitting Fees* | Mr.Goutam Mukherjee | | | | | | | 1,00,000 | 1,00,000 |
| *Director Sitting Fees* | Sreejith Narayanan | | | | | | | 30,000 | 30,000 |
| *Director Sitting Fees* | Mr.Rupak Ghosh | | | | | | | 1,00,000 | 1,00,000 |

Year ended March 31, 2016
(b) Balances with above mentioned related parties (mentioned in note 34)

Amount in Rupees

| Particulars | Company Name | Ultimate Holding Company | Holding Company | Subsidiaries | Fellow Subsidiaries | Associates | Joint Arrangements | Key Management personnel and relatives | Total |
|---|---|---|---|---|---|---|---|---|---|
| Balance | | | | | | | | | - |
| Trade Payables | ITNL | - | 86,97,048 | - | - | - | - | - | 86,97,048 |
| Nomination deposit Payables | ITNL | - | - | - | - | - | - | - | - |
| Short Term Borrowing | ITNL | - | 63,36,24,545 | - | - | - | - | - | 63,36,24,545 |
| Interest accrued on short term loan | ITNL | - | 4,19,06,385 | - | - | - | - | - | 4,19,06,385 |
| Equity share Capital | ITNL | - | 21,68,94,000 | - | - | - | - | - | 21,68,94,000 |
| Short Term Borrowing | ICDIL | - | - | - | Nil | - | - | - | - |
| Interest accrued on short term loan | ICDIL | - | - | - | Nil | - | - | - | - |
| Short Term Borrowing | Apptex | - | - | - | Nil | - | - | - | - |
| Interest accrued on short term loan | Apptex | - | - | - | Nil | - | - | - | - |
| Trade Payables | KMC | - | - | - | - | 3,91,42,917 | - | - | 3,91,42,917 |
| Retention payable against milestone payment & others | KMC | - | - | - | - | 17,74,48,745 | - | - | 17,74,48,745 |
| Equity share Capital | KMC | - | - | - | - | 2,93,10,000 | - | - | 2,93,10,000 |
| Mobilization advance recoverable | KMC | - | - | - | - | 2,13,11,759 | - | - | 2,13,11,759 |
| Expenses recoverable made on behalf related party | KMC | - | - | - | - | 6,33,69,286 | - | - | 6,33,69,286 |
| Equity share Capital | KIL | - | - | - | - | 4,68,96,000 | - | - | 4,68,96,000 |

Amount in Rupees

| Transactions | Company Name | Ultimate Holding Company | Holding Company | Subsidiaries | Fellow Subsidiaries | Associates | Joint Arrangements | Key Management personnel and relatives | Total |
|---|---|---|---|---|---|---|---|---|---|
| Routine Maintenance Expenses | ITNL | | 2,85,95,273 | | | | | | 2,85,95,273 |
| *Short term loan taken* | ITNL | | 71,86,24,545 | | | | | | 71,86,24,545 |
| Short Term Loan repaid | ITNL | | 16,00,00,000 | | | | | | 16,00,00,000 |
| *Deputation Staff* | ITNL | | 9,56,208 | | | | | | 9,56,208 |
| Interest on short term loan | ITNL | | 5,83,48,168 | | | | | | 5,83,48,168 |
| Professional Fees | ISSL CPG | | | | 17,775 | | | | |
| Finance Charges | ITCL | | | | 1,13,727 | | | | 1,13,727 |
| Interest on short term loan | ICDIL | | | | - | | | | - |
| Short term loan taken | Apptex | | | | - | | | | - |
| Interest on short term loan | Apptex | | | | - | | | | - |
| *Salary paid to Rajendra Jatav* | Company Secretary | | | | | | | 35,558 | 35,558 |
| *Director Sitting Fees* | Mr George Cherian | | | | | | | 90,000 | 90,000 |
| *Director Sitting Fees* | Mr.Rajeev Dubey | | | | | | | 30,000 | 30,000 |
| Director Sitting Fees | Mr. Rajesh Udupe | | | | | | | 10,000 | 10,000 |
| *Director Sitting Fees* | Mr. Vijay Kini | | | | | | | 40,000 | 40,000 |
| *Director Sitting Fees* | Mr.Goutam Mukherjee | | | | | | | 90,000 | 90,000 |
| *Director Sitting Fees* | Sreejith Narayanan | | | | | | | 10,000 | 10,000 |
| *Director Sitting Fees* | Mr.Rupak Ghosh | | | | | | | 90,000 | 90,000 |

### 35A. Commitments for expenditure

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| (a) Estimated amount of contracts remaining to be executed on account of O & M (IL&FS Transporation Networks Limited) | 20,15,07,748 | 23,14,50,629 | 26,00,45,902 |
| (a) Estimated amount of contracts remaining to be executed on account of Overlay (IL&FS Transporation Networks Limited) | 70,78,99,999 | 70,78,99,999 | 70,78,99,999 |
| (c) Other commitments<br>- Commitments for the acquisition of property, plant and equipment | | | |
| **Total** | 90,94,07,747.00 | 93,93,50,628.00 | 96,79,45,901.00 |

### 35B. Contingent liabilities

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| (a) Income Tax demand Contested by company | 6,46,29,940 | 6,46,29,940 | 6,46,29,940 |

### 36. Approval of financial statements

The financial statements were approved for issue by the board of directors on (date).

### 37. Note on Demonitisation

Specified Bank Notes (SBN) held and transacted
during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-

| | SBNs | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 13,000 | 4,916 | 17,916 |
| (+) Permitted receipts | | | - |
| (-) Permitted payments | | (4,320) | (4,320) |
| (-) Amount | (13,000) | (489) | (13,489) |
| Closing cash in hand as on 30.12.2016 | - | 107 | 107 |

### 38. Previous Year Figures

Corresponding figures for the previous year have been reclassified and presented in accordance with the current year presentation.

Luthra & Luthra
New Delhi
Chartered Accountants

Annexure - 2

# EAST HYDERABAD EXPRESSWAY LIMITED

**Audit for the year ended March 31, 2017**

Differences in Accounting Policies & Disclosures

**> Accounting Policies Differences**

| Accounting Policy of consolidating entity | Accounting Policy of ITNL | Difference (Explain) | Impact (Estimated if not quantified) | Action proposed |
|---|---|---|---|---|
| ---------------------------------------- N.A. ---------------------------------------- | | | | |
| | | | | |

*only if impact as quantified or likely to be greater than ` 1.20 Mn

Indicate Accounting Policy followed by Component for the items not covered in ITNL Accounting Policy

| |
|---|
| Accounting Policy of consolidating entity as per IGAAP |
| |
| |

In terms of our clearance memorandum attached
**For Luthra & Luthra**
Chartered Accountants
Firm Registration No : 002081N

Luthra & Luthra New Delhi Chartered Accountants

**Akhilesh Gupta**
Partner
Membership No. 89909

Place: Mumbai
Date: May 10, 2017

**For East Hyderabad Expressway Limited**

**Authorised signatory**

Place: Mumbai
Date: May 10, 2017

Shareholding Pattern as at March 31, 2017

| Sr. No. | Name of the Shareholder | March 31, 2017 | | March 31, 2016 | |
|---|---|---|---|---|---|
| | | No of Shares Held | % Holding | No of Shares Held | % Holding |
| 1 | IL&FS Transportation Networks Limited | 2,16,89,350 | 74.00 | 2,16,89,350 | 74.00 |
| 2 | KMC Construction Limited | 29,31,000 | 10.00 | 29,31,000 | 10.00 |
| 3 | KMC Infratech Limited | 46,89,600 | 16.00 | 46,89,600 | 16.00 |
| 4 | IL&FS Transportation Networks Limited & Mr K Ramchand | 10 | - | 10 | - |
| 5 | IL&FS Transportation Networks Limited & Mr Ajay Menon | 10 | - | 10 | - |
| 6 | IL&FS Transportation Networks Limited & Mr Narayanan Doraiswamy | 10 | - | 10 | - |
| 7 | IL&FS Transportation Networks Limited & Mr Prashant Agarwal | 10 | - | 10 | - |
| 8 | IL&FS Transportation Networks Limited & Mr Krishna Ghag | 10 | - | 10 | - |
| | **Total** | **2,93,10,000** | **100.00** | **2,93,10,000** | **100.00** |

**For EAST HYDERABAD EXPRESSWAY LIMITED**

**~~CFO~~/Authorised signatory**

Luthra & Luthra
New Delhi
Chartered Accountants

**EAST HYDERABAD EXPRESSWAY LIMITED** **Annexure - 4**

Movement in Shareholding Pattern for year ended March 31, 2017

| Date of Purchase/sale /new Issue/buy back etc | No. of Equity Shares | Transaction price | Details of Purchaser/Investor / Seller | Net Asset Value calculation as on date of the transaction |
|---|---|---|---|---|
| | | | | |
| | | | | |
| **Transferred from** | **Date of Transfer** | **No of Share** | **Face Value** | **Transfer to** |
| | | **NIL** | | |

**For EAST HYDERABAD EXPRESSWAY LIMITED**

**~~CFO/~~Authorised signatory**

Place: Mumbai
Date: May 10 , 2017

For Luthra & Luthra
Chartered Accountants
Firm Registration No : 002081N

Akhilesh Gupta
Partner
Membership No. 89909

Place: Mumbai
Date: May 10, 2017

## EAST HYDERABAD EXPRESSWAY LIMITED

Annexure - 5A

Audit for the year ended March 31, 2017

**(Part 2) - Estimates Used (Intangible Assets)** ------ **NOT APPLICABLE** -----

As per the accounting policy followed by the Group, the fair value of consideration for construction services in respect of intangible assets covered under service concession arrangements of the Group, the useful lives of such intangible assets, the annual amortisation in respect thereof, and the provisions for overlay costs have been estimated by the management having regard to the contractual provisions, the evaluations of the units of usage and other technical evaluations by independent experts, the key elements having been tabulated below:

| | **As at March 31, 2017** |
|---|---|
| Margin on construction services recognised in respect of intangible assets (Rs.) | |
| Amortisation charge in respect of intangible assets (Rs.) | |
| | |
| Units of usage (No. of vehicles) (over the entire life of concession period) | |
| Total Estimated Revenue for project (over the entire life of concession period) | |
| | **As at March 31, 2017** |
| Carrying amounts of intangible assets (Rs.) | |
| Carrying amounts of intangible assets under development (Rs.) | |
| Provision for overlay in respect of intangible assets (Rs.) | |
| | **For the year ended March 31, 2017** |
| Amortisation charge in respect of intangible assets (Rs.) | |
| | |

| **Particulars** | **Amount Rs.** |
|---|---|
| | |
| | |
| **Opening Margins till March 31, 2013** | |
| | |
| **During the period under audit** | |
| | |
| Construction Revenue | |
| Construction Cost | |
| O & M Revenue | |
| O & M Cost | |
| | |
| **Margin** | - |
| **Margins Recognised till the balance sheet date** | - |

| | |
|---|---|
| **Margin Percentage Applied on Construction Cost to recognise Construction Revenue** | % |

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

Luthra & Luthra New Delhi Chartered Accountants

**Akhilesh Gupta**
Partner
Membership No. 89909

Place: Mumbai
Date: May 10 , 2017

For and on behalf of the Board

**Authorised signatory**

Place: Mumbai
Date: May 10 , 2017

**EAST HYDERABAD EXPRESSWAY LIMITED**

Annexure - 5B

Audit for the year ended March 31, 2017

**(Part 3) - Estimates Used (Financial Assets)**

As per the accounting policy followed by the Group:-

| | Upto March 31, 2017 (Rupees) |
|---|---|
| Cumulative Margin on construction and operation & maintenance and renewal services recognised in respect of Financial Assets | 43,73,68,720 |
| Carrying amounts of Financial Assets included under Receivables against Service Concession Arrangements | 2,89,66,04,212 |
| Revenue recognised on Financial Assets on the basis of effective interest method | 2,56,51,29,195 |

| Particulars | As at March 31, 2017 (Rupees) |
|---|---|
| Future Operation and maintenance considered in respect of Financial Assets | 20,15,07,748 |
| Future Renewal services considered in respect of Financial Assets | 70,78,99,999 |
| Carrying amounts of Financial Assets included under Receivables against Service Concession Arrangements | 2,89,66,04,212 |

| Particulars | Amount in Rs. |
|---|---|
| Total estimated cost till the end of the construction period | - |
| Total estimated margin till the end of the construction period | - |
| Total estimated cost till the end of the concession period | - |
| Total estimated margin till the end of the concession period | - |

| Particulars | Amount Rs. |
|---|---|
| **March 31, 2016** | 43,56,12,360 |
| **Opening Margins as per last year notes** | **43,56,12,360** |
| Construction Revenue | - |
| Construction Cost | - |
| O & M Revenue | 3,16,99,243 |
| O & M Cost | 2,99,42,883 |
| Periodic Maintenance Revenue | |
| Periodic Maintenance Cost | |
| **Margin** | **17,56,360** |
| **Margins Recognised till the balance sheet date** | **43,73,68,720** |

| | |
|---|---|
| **Receivable on SCA as at March 31, 2017** | 2,89,66,04,212 |

| | |
|---|---|
| **Margin Percentage Applied on Construction Cost to recognise Construction Revenue** | **6.27%** |

| **Financial Income** | |
|---|---|
| **Revenue recognised on Financial Assets on the basis of effective interest method** | **Amount Rs.** |
| Up to March 31, 2009 | 11,89,80,123 |
| March 31, 2010 | 24,67,40,379 |
| March 31, 2011 | 39,19,96,021 |
| March 31, 2012 | 40,63,92,379 |
| March 31, 2013 | 35,66,95,559 |
| March 31, 2014 | 39,25,56,023 |
| March 31, 2015 | 36,12,61,665 |
| March 31, 2016 | 29,05,07,046 |
| March 31, 2017 | 18,26,97,827 |
| **Total** | **2,56,51,29,195** |

**Financial Assets Reco:**

| **Particulars** | **Short Term** | **Long Term** |
|---|---|---|
| Opening Receivables under Service Concession Arrangements | 45,66,02,931 | 2,89,66,04,212 |
| Add - Additions during the period | | 21,43,97,069 |
| Add/(Less) Transfer from Long Term to Short Term | 70,24,63,844 | (70,24,63,844) |
| Less - Receipt of Annuity | -67,10,00,000 | |
| **Closing Receivables Balance as per Balance Sheet** | **48,80,66,775** | **2,40,85,37,437** |

In terms of our clearance memorandum attached
**For Luthra & Luthra**
Chartered Accountants
Firm Registration No : 002081N

**Akhilesh Gupta**
Partner
Membership No. 89909

Place: Mumbai
Date: May 10 , 2017

For and on behalf of the Board

**Authorised signatory**

Place: Mumbai
Date: May 10 , 2017

# EAST HYDERABAD EXPRESSWAY LIMITED

Annexure - 5C

**Audit for the year ended March 31, 2017**

**(Part 3) - Other Information**

**Significant terms of Service Concession Arrangements (SCA) are provided below.**

| **Particulars** | **EHEL** |
|---|---|
| Nature of Assets | Financial Asset |
| Year when SCA granted | 03-08-2007 |
| Period | 15 years from Commencement date i.e. 10/12/2007 |
| Extension of period | No |
| Construction | Completed |
| Premature Termination | Premature termination is permitted only upon happening of a force majeure event or upon the parties defaulting on their obligation. |
| Special Term | N.A. |
| Brief description of Concession | As per the Service Concession agreement (SCA) dated August 31, 2007 with M/s Hyderabad Urban Development Authority ("HUDA") and Hyderabad Growth Corridor Limited, the Company is required to design, develop, finance, operate and maintain 8 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, Build, Own and Transfer (Annuity) basis<br>The Concession under the SCA has been granted to the Company for a period of 15 years from December 10, 2007.<br>As per the SCA, the Company is required to operate and maintain the Project Highway by itself or through O&M contractors and if required, modify, repair, improvements to the Project Highway to comply with specifications and standards, and other requirements set forth in the agreement, good industry practice, applicable laws and applicable permits.<br>In consideration for performing its obligations under the SCA, the company is entitled to semi-annuity of Rs. 33.30 Crores on the dates specified. HUDA will retain the rights to levy and collect fees from the users of the Road and to permit advertisements, hoardings and other commercial activities at the Road site.<br>At the end of the concession period, the company will hand over the Road to HUDA without additional consideration |

In terms of our clearance memorandum attached
**For Luthra & Luthra**
Chartered Accountants
Firm Registration No : 002081N

**Akhilesh Gupta**
Partner
Membership No. 89909

Place: Mumbai
Date: May 10 , 2017

For and on behalf of the Board

Authorised signatory

Place: Mumbai
Date: May 10, 2017

EAST HYDERABAD EXPRESSWAY LIMITED **Annexure - 7**

**Audit for the year ended March 31, 2017**

**Movement of Long term Investments for Cash flow**

All the movements in Long term Investment needs to be given under following table to identify the cash flow impact

| Script | Opening Balance as of 1/4/2015 | Purchase Amount | Cost of Sale | Profit / (Loss) | Sale Value | Forex adjustments | Other adjustments | Transfer | Closing Balance as of 31/03/2016 | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | - | |
| | | | | | | | | | - | |
| | | | | | | | | | - | |
| | | | | | | | | | - | |
| | - | - | - | - | - | - | - | - | - | |

**In terms of our clearance memorandum attached**

**For Luthra & Luthra**

Chartered Account For and on behalf of the Board

Firm Registration No : 002081N

**Akhilesh Gupta**

Partner

Membership No. 89909

Place: Mumbai

Date: May 10 , 2017

For and on behalf of the Board

**Authorised signatory**

Place: Mumbai

Date: May 10, 2017

EAST HYDERABAD EXPRESSWAY LIMITED

Annexure - 9

Audit for the year ended March 31, 2017

Utilisation of fund investments by Parent Company in Toll Project Company under construction as of March 31, 2017

| Project Company | Financial Year of Investment | Instrument | Name of Parent company | Incremental Investment by Parent Company in Project Company (Rs ) | Amount used in project / construction activity by Project Company (Rs) | Amount used for general administrative expenses by Project Company (Rs) | Amount lying in FD, cash / bank balance (Rs) | Amount used for any other purposes (Pls define) by Project Company (Rs) | Project Status - Operational / Under construction | Project Commissioning date | Remarks (if any) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| For example ; | | | | | | | | | | | |
| EHEL | For 2012-13 | Equity shares | | | | | | | | | |
| | | Adv - Invst | | | | | | | | | |
| | | Pref shares | | | | | | | | | |
| | | Others (Pls specify) | | | | | | | | | |
| | For 2013-14 | Equity shares | | | | | | | | | |
| | | Adv - Invst | | | | | | | | | |
| | | Pref shares | | | | | | | | | |
| | | Others (Pls specify) | | | | | | | | | |
| | For 2014-15 | Equity shares | | | | | | | | | |
| | | Adv - Invst | | | | | | | | | |
| | | Pref shares | | | | | | | | | |
| | | Others (Pls specify) | | | | | | | | | |
| | For year ended March 31, 2016 | Equity shares | | | | | | | | | |
| | | Adv - Invst | | | | | | | | | |
| | | Pref shares | | | | | | | | | |
| | | Others (Pls specify) | | | | | | | | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| EHEL | As of March 31, 2017 | Equity shares | | - | - | - | - | - | | | |
| | | Adv - Invst | | - | - | - | - | - | | | |
| | | Pref shares | | - | - | - | - | - | | | |
| | | Others (Pls specify) | | - | - | - | - | - | | | |

**In terms of our clearance memorandum attached**
For Luthra & Luthra
Chartered Accountants
**Firm Registration No : 002081N**

Akhilesh Gupta
Partner
Membership No. 89909

Place: Mumbai
Date: May 10 , 2017

Luthra & Luthra New Delhi Chartered Accountants

For and on behalf of the Board

~~CFO~~ / Authorised signatory

Place: Mumbai
Date: May 10 , 2017