



Indian Highways Management Company Limited
(An Initiative of NHAI)

4th Annual Report 2015-16

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INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

Registered Office: NHAI HQ, G-5&6, Sector-10, New Delhi-110075
CIN:U74140DL2012PLC246662

BOARD OF DIRECTORS

(As on 09th September, 2016)

Sh. Raghav Chandra, IAS	:	Chairman
Ms. Leena Nandan, IAS	:	Director
Sh. V.C. Verma	:	Director
Sh. Surinder Nath Kuda	:	Director
Sh. Akshayaa A. Singh	:	Director
Sh. Jitendra Pratap Singh	:	Director
Sh. O.B. Raju	:	Director
Sh. Venkatesan Thiruvarur Subramanya	:	Director
Ms. Renu Agrawala	:	Independent Director

CHIEF EXECUTIVE OFFICER
SHRI R.C. PALEKAR

CHIEF FINANCIAL OFFICER
SHRI S.K. PATEL

COMPANY SECRETARY
SHRI G.B. MISHRA

AUDITORS
M/s T.R. CHADHA & CO. LLP
CHARTERED ACCOUNTANTS
B-30, CONNAUGHT PLACE
NEW DELHI-110001

REGISTERD OFFICE
NHAI HQ, G-5 & 6, SECTOR - 10, DWARKA,
NEW DELHI - 110075

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

Registered Office: NHAI HQ, G-5&6, Sector-10, New Delhi-110075
Corporate Office: MTNL Building, Sector-19, Dwarka, New Delhi-75
CIN:U74140DL2012PLC246662

NOTICE

NOTICE is hereby given that the Fourth Annual General Meeting of the Members of "INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED" will be held on Friday, the 30th September 2016 at 11.00 A.M. at the Registered Office of the Company at NHAI HQ, G-5&6, Sector-10, Dwarka, New Delhi-110075 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements as defined u/s 2(40) of Companies Act, 2013 consisting of Audited Balance Sheet as at 31st March 2016, Statement of Profit & Loss for the period ended on that date, Cash Flow Statement for the period ended on that date and Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri V.C. Verma (DIN-00175162) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri O. B. Raju (DIN-00082228) who retires by rotation and has communicated his unwillingness to be re-appointed. Following Ordinary Resolution is proposed to be passed expressly providing that vacancy being caused due to retirement by rotation of Shri O. B. Raju shall be filled on later.
4. To ratify the appointment of Auditors of the Company and to fix their remuneration and for this purpose to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT members of the company take note that Shri O. B. Raju (DIN-00082228) retired by rotation at this Annual General Meeting and that the vacancy caused due to retirement of Shri O. B. Raju as aforesaid be filled on later.

"RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and pursuant to the resolution passed by the members in the Annual General Meeting held on 30th September, 2014, members of the company hereby ratify the appointment of M/s T.R.Chadha & Co, Chartered Accountants (Firm registration no. FRN:006711N) as Auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of 5th Annual General Meeting of the company i.e. Annual General Meeting for financial year 2016-17 at such remuneration as may be decided by the Board of Directors."

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of section 149, 152 read with schedule IV and Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable provisions of the Companies Act, 2013, including any modification or amendment thereof, appointment of Ms Renu Agrawala (DIN 01409259), as Independent Director of Company for a period of one year w.e.f 11th September, 2015 to 10th September, 2016 be and is hereby approved.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution-

“RESOLVED THAT Shri Raghav Chandra (DIN: 00057760) who was appointed as a Director of the Company w.e.f 20th October, 2015 u/s 161(3) of the Companies Act, 2013 by the Board of Directors and in respect of whom notice u/s 160 of the Companies Act, 2013, has been received from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as Director of the company liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution-

“RESOLVED THAT Shri Venkatesan Subramanya Thiruvapur (DIN: 01443165) who was appointed as a Director of the Company w.e.f 21st July, 2016 u/s 161(3) of the Companies Act, 2013 by the Board of Directors and in respect of whom notice u/s 160 of the Companies Act, 2013, has been received from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as Director of the company liable to retire by rotation.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution-

“RESOLVED THAT Ms Leena Nandan (DIN: 07491926) who was appointed as a Director of the Company w.e.f 13th April, 2016 u/s 161(3) of the Companies Act, 2013 by the Board of Directors and in respect of whom notice u/s 160 of the Companies Act, 2013, has been received from a shareholder proposing her candidature for the office of Director, be and is hereby appointed as Director of the company liable to retire by rotation.”

By the order of the Board of Directors
For INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

Place: New Delhi
Date: 9th September, 2016

(Gopabandhu Mishra)
Company Secretary

NOTE:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.
2. The instrument appointing a proxy in order to be effective must be deposited with the company not less than 48 hours before the commencement of the meeting and must be in writing in the prescribed form no. Mgt.11 (attached) and in the manner as specified in section 105 of the companies act, 2013 and rule 19 of the companies (management and administration) rules, 2014.
3. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A members holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
4. Statement of material facts pursuant to section 102 of the companies act, 2013 read with rule 15(3) of the companies (meeting of the board and its powers rules), 2014; in respect of special business mentioned at item no. 5, to 9 is annexed hereto.
5. Information pursuant to secretarial standard ii-nearest land mark to the venue of the meetings is dwarka sector 10 metro station/pinnacle mall. Route map is enclosed.

Statement of material facts pursuant to section 102 of the companies act, 2013, read with rule 15(3) of the companies (meeting of the board and its powers rules), 2014

ITEM NO. 5

Information pursuant to Section 102(1)(b)

Information and facts to enable members to understand the meaning, scope and implications of the item

The Board of Directors of the Company had appointed Ms Renu Agrawala as Independent Director of the Company for a period of one year with effect from 11th September, 2015. Section 149 read with Schedule IV of Companies Act, 2013 provides that appointment of Independent Director is to be approved by the Shareholders in General Meeting.

Ms Renu Agrawala had submitted the prescribed declaration regarding meeting the criteria of independence as provided in subsection (6) of section 149 of the Companies Act, 2013. Ms Renu Agrawala fulfills the conditions specified in the Act and the rules made thereunder for appointment as Independent Director of the company and is not disqualified from being appointed as Director u/s 164 of the Companies Act, 2013

The proposed Resolution seeks to approve the appointment of Ms Renu Agrawala as the Independent Director of the Company for a period of one year w.e.f. 11th September, 2015 till 10th September, 2016.

Information pursuant to Section 102(1)(a)

Disclosure of interest or concern

None of the Directors except Ms Renu Agrawala herself, Key Managerial Personnel or relatives of Directors and Key Managerial Personnel are interested or concerned in this resolution.

ITEM NO. 6

Information pursuant to Section 102(1)(b)

Information and facts to enable members to understand the meaning, scope and implications of the item

Shri Raghav Chandra was appointed as Director of the company u/s 161(3) of Companies Act, 2013 on 20th October, 2015. Notice has been received from a shareholder proposing his candidature for the office of Director. As per the provisions of the Companies Act, matter is being placed before the members for their approval at the forthcoming annual general meeting.

The resolution, if passed by the members at the ensuing annual general meeting, will result in appointment of Shri Raghav Chandra as Director of the Company liable to retire by rotation.

Information pursuant to Section 102(1)(a)

Disclosure of interest or concern

None of the Directors, Key Managerial Personnel or relatives of Directors and Key Managerial Personnel except Shri Raghav Chandra himself and his relatives are interested or concerned in the resolution.

ITEM NO. 7

Information pursuant to Section 102(1)(b)

Information and facts to enable members to understand the meaning, scope and implications of the item

Shri Venkatesan Thiruvarur Subramanya was appointed as Director of the company u/s 161(3) of Companies Act, 2013 on 21st July, 2016. Notice has been received from a shareholder proposing his candidature for the office of Director. As per the provisions of the Companies Act, matter is being placed before the members for their approval at the forthcoming annual general meeting.

The resolution, if passed by the members at the ensuing annual general meeting, will result in appointment of Shri Venkatesan Thiruvarur Subramanya as Director of the Company liable to retire by rotation.

Information pursuant to Section 102(1)(a)

Disclosure of interest or concern

None of the Directors, Key Managerial Personnel or relatives of Directors and Key Managerial Personnel except Shri Venkatesan Thiruvarur Subramanya himself and his relatives are interested or concerned in the resolution.

ITEM NO. 8

Information pursuant to Section 102(1)(b)

Information and facts to enable members to understand the meaning, scope and implications of the item

Ms Leena Nandan was appointed as Director of the company u/s 161(3) of Companies Act, 2013 on 13th April, 2016. Notice has been received from a shareholder proposing his candidature for the office of Director. As per the provisions of the Companies Act, matter is being placed before the members for their approval at the forthcoming annual general meeting.

The resolution, if passed by the members at the ensuing annual general meeting, will result in appointment of Ms Leena Nandan as Director of the Company liable to retire by rotation.

Information pursuant to Section 102(1)(a)

Disclosure of interest or concern

None of the Directors, Key Managerial Personnel or relatives of Directors and Key Managerial Personnel except Ms Leena Nandan herself and her relatives are interested or concerned in the resolution.

By the order of the Board of Directors
For INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

Place: New Delhi
Date: 9th September, 2016

(Gopabandhu Mishra)
Company Secretary

**Form No. MGT-11
Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):

Registered Address:

E-mail ID:

Folio No.

I/We, being the member (s) of Equity shares of Rs. 10/- each of the above named company, hereby appoint:

1. Name: _____ E-mail Id: _____

Address: _____

Signature: _____ or failing him

2. Name: _____ E-mail Id: _____

Address: _____

Signature: _____ or failing him

3. Name: _____ E-mail Id: _____

Address: _____

Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company, to be held on the 30th day of September 2016 at 11.00 A.M. at G-5&6, Sector-10, Dwarka, New Delhi-110075 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business

1. To receive, consider and adopt the Financial Statements as defined u/s 2(40) of Companies Act, 2013 consisting of Audited Balance Sheet as at 31st March 2016, Statement of Profit & Loss for the period ended on that date, Cash Flow Statement for the period ended on that date and Reports of the Board of Directors and the Auditors.

2. To appoint a Director in place of Shri V.C. Verma (DIN-00175162) who retires by rotation and being eligible offers himself for re-appointment.
3. To pass resolution expressly providing that vacancy being caused due to retirement of Shri O.B. Raju (DIN-00082228), who retires by rotation and has communicated his unwillingness to be re-appointed, be not filled.”
4. To ratify the appointment of the Statutory Auditors for the Financial Year 2016-17 and to fix the remuneration.

Special Business

5. To approve appointment of Ms Renu Agrawala as Independent Director of the company for a period of one year w.e.f. 11th September, 2015.
6. To appoint Shri Raghav Chandra as Director of the company liable to retire by rotation.
7. To appoint Shri Venkatesan Thiruvavarur Subramanya as Director of the company liable to retire by rotation.
8. To appoint Ms Leena Nandan as Director of the company liable to retire by rotation.

Signed this _____ day of _____ 2016

Signature of Member(s): _____

Signature of Proxy holder(s): _____

AFFIX
REVENUE
STAMP

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

DIRECTORS' REPORT

TO

THE MEMBERS,

Your Directors are pleased to present the 4th Annual Report of your Company together with the Audited Financial Statements and the Auditors' Report for the financial year ended, 31st March, 2016.

OPERATIONS

IHMCL was incorporated on 26th December, 2012 with equity participation from NHAI, Concessionaries and Financial Institutions primarily to establish, organize, manage, run, conduct, contract, develop, handle, own and operate e-governance activities for Highways and Transportation sector.

- **ELECTRONIC TOLL COLLECTION (ETC):**

The Government of India has embarked on an ambitious plan for building India's Highway network through various phases of the National Highways Development Project (NHDP), which are being financed largely through user fees collected from the users of the improved Highways. Tolling has come to be associated with delays at collection points and congestion at toll plazas. The delays negatively impact the operational efficiency of the improved network and thus neutralize the benefits of the improvement of highway infrastructure. Government of India (GoI) has, therefore, decided to adopt Electronic Toll Collection (ETC) system across India's National Highway network, which would enable toll to be collected electronically from vehicles at toll plazas while the vehicle is in motion. One of the essential requirements of ETC systems is to provide an integrated solution that can work throughout the country and therefore, there is an opportunity to evolve a simple and robust integrated solution, one which is scalable, reliable, inter-operable and capable of use across the country. Keeping these objectives in view, the GoI constituted an expert Committee under the Chairmanship of Shri Nandan Nilekani, the then Chairman, Unique Identification Authority of India (UIDAI) for finalization of a common interoperable ETC technology in India. The Committee submitted its report recommending RFID based on ISO 18000-6C Standards for Electronic Toll Collection on National Highways in India.

IHMCL has been mandated to implement interoperable ETC system in the country by NHAI. The major components of ETC project are ETC systems at all the toll plazas and Central Clearing House (CCH) for settlement of financial transactions between toll users and plaza operators. For setting up of plaza ETC systems, IHMCL was tasked to install at public funded plazas and BOT /OMT concessionaires were instructed to install themselves with the help of their own system integrators by NHAI.

Accordingly, IHMCL after completing competitive bidding process signed contracts with M/s Vaaan Infra Private Limited & M/s Tecsidel India Private Limited for Installation & Integration of Electronic Toll Collection (ETC) system at Public Funded Toll Plazas. For operation of Central Clearing House (CCH), ICICI and Axis banks were engaged.

M/s Vaaan Infra Private Limited completed installation of ETC systems at 62 toll plazas and M/s Tecsidel India Private Limited at 19 toll plazas of public funded projects.

During the review meeting held in MoRTH in October 2015, it was decided to revise the current ETC model with new ETC model comprising of single central clearing House and multiple issuers. Subsequently, IHMCL engaged M/s E&Y as Consultant for assisting IHMCL for development of New Business model and engagement of CCH Service Provider and multiple FASTag Issuers. M/s E&Y proposed New Business Model comprising of CCH, Acquirer, Issuer and Concessionaire. National Payments Corporation of India (NPCI) was engaged in February 2016, for implementation of ETC as single CCH.

Vide OM of MoRTH dated 16.02.2016 conveyed the decision of the Govt. to give 10% discount to road users who opt ETC for year 2016-17, 7.5% for 2017-18, 5% for 2018-19 and 2.5% for 2019-20. Also it was decided to give 4% from fee collected through ETC to IHMCL which would comprise 1.5% to Issuer banks, 1.25% to acquirer banks, 0.25% to NPCI and 1% to IHMCL.

215 toll plazas out of 358 were Live with ICICI Central clearing house as on 31st March, 2016. The ETC program with revised model commenced operation in April 2016.

- **TRAFFIC SURVEYS USING PORTABLE ATCC ON NATIONAL HIGHWAYS IN INDIA.**

The National Highways Authority of India (NHAI) is responsible for the development, maintenance and management of National Highways entrusted to it and for matters connected thereto. With an objective to assess the volume of traffic and to standardize the process of data collection and creation of central data repository on different sections of the national highway, the National Highways Authority of India (NHAI) & Ministry of Road Transport and Highways (MoRTH) mandated IHMCL for counting traffic with the help of portable Automatic Traffic Counter & Classifier (ATCC) Systems. Accordingly, IHMCL engaged five agencies through competitive bidding process for conducting traffic surveys on National Highways. For this purpose, the country has been divided in seven zones for conducting

traffic surveys biannually over a period of five years at around 1600 locations provided by NHAI/MoRTH. Two rounds of traffic surveys have been completed on all seven zones.

• **WAYSIDE AMENITIES**

Ministry of Road Transport & Highways (MORT&H) has decided to develop Wayside Amenities along National Highways in India. NHAI has assigned this task to IHMCL to develop comprehensive Wayside Amenities like Restaurants, Dhabas, Village Haats, Retail Outlets and Parking Facilities at an interval of approx. 50 km.

IHMCL has engaged M/s. Mukesh & Associates - Genesis Leisure Consulting Consortium as Project Management consultant (PMC) through competitive bidding process to prepare the Detailed Project Report of Wayside Amenities. Three (3) Master Prototypes have been finalized for 3 types of wayside amenities i.e. Facilities for Car/Bus users, Facilities for Truckers only and Comprehensive Facilities for Car/Bus users & Truckers.

PMC has submitted the Feasibility Reports of 39 sites and Site Specific Designs for 33 Sites. Bid Documents for Setting up and Operation of Wayside Amenities on BOT mode have been submitted to NHAI for necessary approval from MoRTH as per laid guidelines.

• **24X7 HELPLINE (CALL CENTRE)-"1033" FOR ROAD USERS ON NATIONAL HIGHWAYS**

Work was awarded to the call centre agencies for setting up and operationalising 24x7 Helpline (Call Centre)-"1033" for Road Users on National Highways. Thereafter, Department of Telecommunications has declared services to short code "1033" as non-metered. Also, DoT declared that carrier charges would be borne by NHAI while mapping at given PRI numbers for short code 1033. As a result, call center agencies were encountering difficulties in routing of calls to their PRI lines after declaration of the services to 1033 as non-metered as TSPs denied to do the mapping. In this connection, consequences of the DoT clarification and the dilatory tactics stated to have been adopted by TSPs by way of raising points and additional demands, none of the four call centers set up by the agencies could become fully operational although a period of more than year has since been passed. The matter was discussed with NHAI and requested to seek clarification from DoT.

In response to above, NHAI vide letter No. NHAI/13031/05/2014-HAM/85598 dated 14th July,2016 decided to withdraw the work of "1033" National Highway Helpline from IHMCL.

• **GREEN HIGHWAYS (PLANTATION, TRANSPLANTATION, BEAUTIFICATION AND MAINTENANCE) POLICY-2015.**

Ministry of Road Transport & Highways has recently promulgated Green Highways (Plantation, Transplantation, Beautification and Maintenance) Policy-2015. The policy envisions "development of eco friendly National Highways with participation of the Community, Farmers, NGOs, Private Sector, Institutions, Government Agencies and the Forest Department for economic growth and development in a sustainable manner.

Until the formation of new entity it was decided in Board Meeting that National Green Highways Mission (currently a specialised team of 4 persons) under IHMCL will handle all matters related to Green Highways Projects. Presently NGHM operating from MTNL Building, 1st Floor, Sector 19, Dwarka, New Delhi.

Financial Results

Particulars	Amount in Rs. 2015-16	Amount in Rs. 2014-15
Total Revenue	6,26,86,753	1,10,17,800
Total expenses excluding depreciation	1,10,64,615	1,03,81,131
Profit/(Loss) before Depreciation & Tax	5,16,22,138	6,36,669
Depreciation	61,639	14,158
Profit /(Loss) after depreciation	5,15,60,499	6,22,511
Prior period adjustment	43,500	(20,58,070)
Profit/(Loss) after prior period adjustment	5,15,16,999	(14,35,559)
Provision for Tax	1,70,70,904	(1,94,988)
Profit after tax	3,44,31,346	(16,30,547)

Details of the Director attending Board Meeting is enclosed as Annexure-II

Statement regarding declaration given by Independent Director u/s 149(7)

Your Directors confirm that Shri Murali Menon and Smt. Renu Agrawala Independent Director has submitted a declaration u/s 149(7) that they meet the criteria of independence u/s 149(6) of Companies Act, 2013.

Auditors Report

M/s T.R.Chadha, Chartered Accountants have issued clean audit report without any adverse qualification whatsoever. The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments from the Board.

Statutory Auditors

M/s T.R. Chadha, Chartered Accountants, were appointed as Statutory Auditors of the company at the 2nd Annual General Meeting held on 30th September, 2014 to hold office till conclusion of 4th Annual General Meeting of the company i.e. Annual General Meeting for financial year 2015-16.

Particulars of Loans, Guarantees or Investment under section 186

IHMCL has not given any loan, Guarantee or made any investment to which section 186 applies.

Particulars of Contracts or Arrangements with Related Parties referred to in Section 188(1)

IHMCL has not entered into any contracts or arrangements as referred to in Section 188(1).

IHMCL's Policy on Directors Appointment & remuneration

IHMCL is in the process of constituting Nomination and Remuneration Committee.

Directors Appointment

As per Articles of Association of IHMCL, National Highways Authority of India has right to appoint two Directors.

Directors Remuneration

IHMCL at present does not have any whole time Director and therefore no remuneration is being paid to any Directors except sitting fee for attending the Board or Committee Meetings. The sitting fee is Rs. 5000 Per Meeting which is paid to all Directors except Directors who are in Government Service.

Appointment & Remuneration of Key Management Personnel and other employees

Appointment of Key Managerial personnel is done based upon the provisions of Companies Act, 2013. Other senior employees are appointed depending upon the work requirements of IHMCL, commensurate qualification and experience.

Remuneration of employees and Key Management Personnel who are in employment of IHMCL is fixed based upon the present market trends, qualification and experience of employee. Employees or KMPs who are NHAI employees and have been deputed by NHAI to IHMCL, continue to be governed by NHAI terms of service and continue to draw salary and remuneration as per NHAI Rules.

Evaluation of Board's performance

Performance of each Board member is evaluated based upon attendance to Board or Committee Meetings, positive contribution in the meetings and overall strategic planning.

Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

There are no material changes and commitments, if any, which affect the financial position of IHMCL which have occurred between the end of the financial year on 31.03.2016 and the date of the Board Report.

Development & Implementation of Risk Management Policy

The IHMCL management keeps on identifying, evaluating and managing all significant risks faced by the Company. However, formation of Risk Management Policy is under process.

Development & Implementation of Corporate Social Responsibility

Section 135 of the Companies Act 2013, is not applicable to IHMCL. Management of IHMCL is committed to CSR initiative and is also committed to conduct its business in socially responsible, ethical and environmental friendly manner. However, specific CSR initiatives shall undertaken once IHMCL starts earning profit.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

1. In preparation of the Annual Accounts for the financial year ended 31st March 2016, the applicable Accounting Standards have been followed along with proper explanation to material departures;
2. The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company, for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. The Directors have prepared the Annual Accounts on a going concern basis.
5. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Information pursuant to Rule 8 of Companies (Accounts) Rules, 2014

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo

Information pursuant to Rule 8(3) of Companies (Accounts) Rules, 2014 is as under

Particulars	Steps taken
A-Conservation of energy	
i. Steps taken or impact on energy conservation	Efforts are being made to conserve energy in the operations and activities of IHMCL. In fact the essence of the e tolling being implemented by IHMCL is energy conservation. By providing seamless passage at all NH toll plazas across the country, IHMCL will help in saving substantial wastage of fuel consumed by vehicles waiting at Toll Plazas
ii. Steps taken for utilizing alternate sources of energy	Operations of IHMCL are still evolving and wherever possible alternate sources of energy shall be used
iii. Capital investment on energy conservation equipments	NIL
B. Technology Absorption	
i. Efforts made towards technology absorption	There is not much scope of technology absorption in the operations of IHMCL
ii. The benefits derived like product improvement, cost reduction, product development and import substitution	IHMCL is using indigenous technology and is in service sector, hence not much scope.
iii. Details related to imported technology	Not applicable as IHMCL is not using imported technology
iv. Expenditure on Research & development	NIL

C-Foreign Exchange earnings and outgo	
i. Actual earnings	NIL
ii. Actual outgo	NIL

Change in Nature of business

There is no change in nature of business of the IHMCL during the period under review.

Details of Subsidiaries, Joint Ventures or Associate Companies during the year

IHMCL is neither a holding company nor has any subsidiary, Joint Ventures or Associate Companies.

Internal Financial Control & its Adequacy

IHMCL is having adequate internal financial control commensurate to its nature and size of business.

Material and Significant Orders Passed By Regulators & Courts

No significant and material orders have been passed by any regulators or courts or tribunals against the Company impacting the going concern status and Company's operations in future.

Deposits

The Company has neither accepted or renewed any deposits during the year.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

IHMCL is an equal opportunity employer. The endeavor of the management is to create and provide an environment that is free from discrimination and harassment including sexual harassment. Formation of Internal Complaints Committee to redress complaints received regarding sexual harassment is under process.

During the period under review, no complaints were received by the Company related to sexual harassment.

Particulars of employees pursuant to Rule 5(2) of Companies (Appointment & Remuneration of Key Managerial Personnel) Rules, 2014.

There was no employee of the company who if employed throughout the financial year, was in receipt of remuneration for that year which, in aggregate, was not less than sixty lakhs rupees or if employed for part of the financial year, was in receipt of remuneration for any part of that year which, in aggregate, was not less than five lakhs rupees per month. Further, there was no employee who if employed throughout the financial year or part thereof, was in receipt of remuneration in that

year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Director and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of IHMCL.

Acknowledgements:

The Directors wish to place on record their appreciation and acknowledge with gratitude the support and cooperation extended by NHAI, NHBF, Concessionaires, Financial Institutions, Banks, Government/Semi Government Organizations, Shareholders and Employees of the Company and looks forward their continued support in future.

On behalf of the Board of Directors

(Raghav Chandra)
CHAIRMAN
DIN:00057760

Date:21/07/2016
Place: Delhi

**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st March, 2016
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION AND OTHER DETAILS

- i) CIN: U74140DL2012PLC246662
- ii) Registration Date:26th December, 2012
- iii) Name of the Company: INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED
- iv) Category/sub-category of the Company: Company Limited by shares
- v) Address of the Registered Office and Contact Details: G 5 & 6, Sector-10, Dwarka-110075
- vi) Whether listed company yes/no: No
- vii) Name, Address and Contact details of Registrar and Transfer Agent , if any
No Registrar and Transfer Agent has been appointed

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

S. No.	Name and Description of main products/services	NIC code of the product/service	% to total turnover of the Company
1.	E Tolling services to on National Highways		10%
2.	Traffic Survey		90%

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

IHMCL has no Holding ,Subsidiary or Associate Companies.

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
2.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
3.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

I. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

1) Category-Wise Shareholding

Category of Shareholders	No. of Shares Held at the Beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS (1) Indian									
(a). Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b). Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c). State Govt (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d). Bodies Corp	18124256	Nil	18124256	100	18124256	Nil	18124256	100	Nil
(e). Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f). Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub Total A(1)	18124256	Nil	18124256	100	18124256	Nil	18124256	100	Nil
(2) Foreign									
(3)									
(a). NRIS Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b). Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c). Bodies Corp	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d). Bank/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e). Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f). Sub Total A(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter A=A(1) +A(2)	18124256	Nil	18124256	100	18124256	Nil	18124256	100	Nil

B. Public Shareholding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
1. Institution									
a. Mutual Funds									
b. Bank/FI									
c. Central Govt.									
d. State Govt(s)									
e. Venture Capital Funds									
f. Insurance Companies									
g. FII									
h. Foreign Venture Capital Fund									
i. Others (specify)									
Sub Total B(1)									
2. Non Institutions	NIL	NIL							
a. Bodies Corp									
i Indian									
ii Overseas									
b. Individuals									
1. Individual shareholders holding nominal share capital upto Rs. 1 Lakh									
2. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh									
3. Other (Specify) Sub-Total B(2)									
Total Public Shareholding B=B(1)+ B(2)	NIL	NIL							
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	18124256	NIL	18124256	100	18124256	NIL	18124256	100	NIL

1. Shareholding of Promoters

S. No.	Shareholders Name	Shareholding at the beginning of the Year*			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	National Highway Authority of India	7500000	41.38	NIL	7500000	41.38	NIL	NIL
	Total	7500000	41.38	NIL	7500000	41.38	NIL	NIL

2. Change in Promoters' Shareholding (no change)

S. No.	Shareholders Name	Shareholding of the beginning of the year		Increase/Decrease during the year		Cumulative Shareholding During the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	National Highway Authority of India	7500000	41.38	Nil	Nil	7500000	41.38
	Total	7500000	41.38	Nil	Nil	7500000	41.38

3. Shareholding pattern of **Top Ten Shareholders** (other than Directors, Promoters and Holders of GDRs and ADRs)

S. No.	Shareholders Name	Shareholding of the beginning of the year		Increase/Decrease during the year		Cumulative Shareholding During the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	ICICI Bank Limited	1500000	8.28	Nil	Nil	1500000	8.28
2	Axis Bank Limited	1500000	8.28	Nil	Nil	1500000	8.28
3	L&T Finance Limited	1500000	8.28	Nil	Nil	1500000	8.28

4	Oriental Structure Engineers Pvt. Ltd.	555370	3.06	Nil	Nil	555370	3.06
5	Shapooraji Pallonji Roads Private Limited	555556	3.06	Nil	Nil	555556	3.06
6	IRB Infrastructure Developers Ltd	555370	3.06	Nil	Nil	555370	3.06
7	Essel Infraprojects Ltd	555370	3.06	Nil	Nil	555370	3.06
8	L & T Infrastructure Development Projects Ltd	555370	3.06	Nil	Nil	555370	3.06
9	Reliance Infrastructure Ltd	555370	3.06	Nil	Nil	555370	3.06
10	GMR Highways Ltd	555370	3.06	Nil	Nil	555370	3.06
	Total	8387776	46.27	Nil	Nil	8387776	46.27

4. Shareholding of Directors and Key Managerial personnel

S. No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	For each of the Directors and KMP				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc)	Nil	Nil	Nil	Nil
	At the end of the year				

V. Indebtedness : Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
1. Principal amount	Nil	Nil	Nil	Nil
2. Interest Due but not paid				
3. Interest accrued but not due				
Total= (1+2+3)				
Change in indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction				
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
1. Principal amount	Nil	Nil	Nil	Nil
2. Interest due but not paid				
3. Interest accrued but not due				
Total=(1+2+3)				

VI. Remuneration of directors and key managerial personnel
A. Remuneration to Managing Director, Whole time Director and/or Manager

S. No.	Particulars of Remuneration	Name of MD/WTD/MANAGER		Total Amount
1	Gross Salary	Nil	Nil	Nil
	a) Salary as per provision contained in section 17(1) of the Income Tax Act, 1961			
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961			
	c) Profit in lieu of Salary u/s 17(3) of the Income Tax Act, 1961			

2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - As % of profit - Others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total(A)			
	Ceiling as per act	Nil		

B. Remuneration to Directors

S. No.	Particulars of Remuneration	Name of Directors	Total Amount
1.	Independent Directors - Fee for attending Board committee meetings - Commission - Others, please specify	Murali Menon 25000 Renu Agrawala 15000	40,000/-

Total (1)	JP Singh	Surinder Nath Kuda	Manoj Dave	Akshaya A. Singh	OB raju	Kusa I Roy	VC Verma	
2. Other Non Executive Directors - Fee for attending board committee meetings - Commission Others, please specify	5000	10000	35000	5000	10000	5000	25000	95000
Total (2)								95000
Total B = (1)+(2)								135000
Total Managerial Remuneration								NIL
Overall ceiling as per Act								

A. Remuneration to Key Managerial Personnel other than MD/WTD/Manager

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		Ravichandra Palekar (CEO)	Gopabandu Mishra(CS)	Sanjay Kumar Patel(CFO)	Total Amount
1	Gross Salary a) Salary as per provision contained in section 17(1) of the Income Tax Act, 1961 b) Value of perquisites u/s 17(2) Income-Tax Act, 1961 c) Profit in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	18,71,069/-	6,00,000/-	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity				
4	Commission - As % of profit - Others, specify	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
	Total(A)				

VII. Penalties /Punishment/Compounding of offences:

Type	Section of the Companies Act	Brief Description	Details of penalty/punishment/compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					

Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other officers in Default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Details of Director Attending Board Meeting

Date of Board Meeting	Sh. Alkesh Kumar Sharma	Sh. Raghav Chandra	Sh. V.C. Verma	Sh. O.B. Raju	Sh. V.D. Mhaiskar	Sh. Kusal Roy	Sh. K.V. Ramana (Nominee Director)	Sh. Surinder Nath Kuda	Sh. Manoj Dave (Nominee Director)	Sh. Akshaya A. Singh	Sh. Murali Menon	Sh. J.P. Singh (Nominee Director)	Smt. Renu Agrawala	Sh. Alok Deepankar
16th April, 2015	P	NA*	P	P	L	L	P	NA****	P	NA****	P	P	NA****	NA*****
30th July, 2015	P	NA*	P	L	L	P	NA****	NA****	P	NA****	P	L	NA****	NA*****
11th September, 2015	P	NA*	P	L	NA***	NA***	NA****	P	P	P	L	L	NA****	NA*****
20th October, 2015	NA**	P	P	L	NA***	NA***	NA****	P	P	L	L	L	P	P
17th December, 2015	NA**	P	P	L	NA***	NA***	NA****	P	NA*****	L	L	L	L	NA*****

P - Present, L - Leave of absence

* Appointed on 20.10.2015

****Resigned on 26.05.2015

*****Appointed on 30.07.2015

**Resigned on 20.10.2015

***** Appointed on 11.09.2015

***** Resigned on 17.12.2015

***Resigned on 11.09.2015

*****Resigned on 18.01.2016

T R CHADHA & CO LLP

CHARTERED ACCOUNTANTS



Independent Auditor's Report

To the Members of Indian Highways Management Company Limited Report on the Financial Statements

We have audited the accompanying financial statements of Indian Highways Management Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matter stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

- 1) Non reconciliation of account with National Highways Authority of India (NHAI) resulting in a difference of Rs. 39,75,38,920 (Refer Note 25(3) to the financial statements) and its consequential impact on Balance Sheet, Statement of Profit and loss and Cash Flow Statement.
- 2) Non Accounting for a sum of Rs. 7,54,40,344, shown as contingent liability in Note 23 to the financial statements, in respect of invoices raised by Vendor M/s Mukesh & Associates for the Way Side Amenities Project resulting in overstatement of advance received from NHAI and understatement of other Payables on account of NHAI Project expenditure under the broad head other current liabilities and its consequential impact including non accounting of Management Fees @ 1.5% of Rs. 11,31,605 and other statutory compliances of TDS and Service tax etc.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub section 11 of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraph 3 and 4 of the said Order.
2. As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read Rule 7 of Companies (Accounts) Rule 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
- 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 does not have any pending litigations which would impact on its financial statement.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For T R Chadha & Co LLP
Chartered Accountants
(Firm Registration No -006711N/ N500028)

Surender Kumar
(Partner)
Membership No. 082982

Place: New Delhi
Date: 21.07.2016

ANNEXURE -A TO AUDITORS' REPORT

The Annexure referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements, we report that:

- I) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) In our opinion and according to the information and explanation given to us, fixed assets have been physically verified by the management at reasonable intervals having regard to the size of the company and the nature of its assets and no material discrepancy was noticed on such verification as compared to book records.
- c) According to the information and explanations given to us and on the basis of records examined by us, there are no immovable properties held by the company. Therefore, sub clause (c) of Paragraph 3(i) of the Order is not applicable.
- ii) Since the company did not have any inventory, clause 3(ii) of the Order is not applicable.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, sub clauses (a), (b) & (c) of Paragraph 3(iii) of the Order are not applicable.
- iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loan, made any investment in any body corporate, given any guarantees and security. Therefore, Paragraph 3(iv) of the order is not applicable.
- v) In terms of the books and records examined by us, we state that the company has not accepted any deposit from the public in terms of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- vi) In our opinion and according to the information and explanation given to us, the Central Government has not prescribed maintenance of cost records under section 148 (1) of the Act. Therefore, paragraph 3(vi) of the Order is not applicable.
- vii) a) According to the information and explanations given to us and the books and records examined by us, we state that the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable. There are no outstanding statutory dues for more than six months from the date they became payable as on 31st March, 2016.
- b) According to the information and explanations given to us, there are no dues of income tax or sale tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.

- viii) The company does not have any loans or borrowing from any financial institution, bank, Government or debenture holders during the year. Accordingly, Paragraph 3(viii) of the Order is not applicable.
- ix) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, Paragraph 3(ix) of the Order is not applicable.
- x) According to the information and explanation given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanation given to us and based on our examination of the records of the company, the Company has not paid/provided for managerial remuneration during the year. Accordingly, Paragraph 3(xi) of the Order is not applicable.
- xii) In our opinion and according to the information and explanation given to us, the company is not a Nidhi company. Accordingly, Paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 & 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on the examination of the records of the Company, the company has not made any preferential allotment or private placements of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on the examination of the records of the Company, the Company has not entered into non- cash transaction with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For T R Chadha & Co LLP
Chartered Accountants
(Firm Registration No -006711N/ N500028)

Surender Kumar
(Partner)
Membership No. 082982

Place: New Delhi
Date: 21.07.2016

ANNEXURE -B TO AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For T R Chadha & Co LLP
Chartered Accountants
 (Firm Registration No -006711N/ N500028)

Surender Kumar
 (Partner)
 Membership No. 082982

Place: New Delhi
Date: 21.07.2016

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED
Balance Sheet as at 31st March, 2016

(Amount in Rs.)

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
I. EQUITY & LIABILITIES			
(1) Shareholders' Fund			
(a) Share Capital	3	181,242,560	181,242,560
(b) Reserves and Surplus	4	27,103,289	(7,328,057)
		208,345,849	173,914,503
(2) Non Current Liabilities			
(a) Long Term Provisions	5	96,802	47,308
		96,802	47,308
(3) Current Liabilities			
(a) Other Current Liabilities	6	744,183,197	262,332,940
(b) Short Term Provisions	7	183	-
		744,183,380	262,332,940
TOTAL		952,626,031	436,294,751
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	131,778	72,964 "
(ii) Intangible Assets		109,746	140,219
(b) Deferred Tax Assets (Net)	9	12,105	-
(c) Long Term Loans & Advances	10	71,982,656	814,670
		72,236,285	1,027,853
2. Current Assets			
(a) Trade Receivables	11	14,494,445	515,217
(b) Cash & Cash Equivalents	12	863,594,373	434,677,306
(c) Short term loans & advances	13	14,559	-
(d) Other Current assets	14	2,286,369	74,375
		880,389,746	435,266,898
TOTAL		952,626,031	436,294,751
III. Significant accounting policies			
Notes referred to above form an integral part of financial statements			

As per our report of even date attached
For T R Chadha & Co LLP
Chartered Accountants
(Firm Registration No. 006711N/N500028)

For and on behalf of the Board of Directors of
Indian Highways Management Company Limited

Surender Kumar
(Partner)
M. No. 082982

Raghav Chandra
(Chairman)
(DIN:00057760)

V.C. Verma
(Director)
(DIN:00175162)

Place : New Delhi
Date: 21.07.2016

R. C. Palekar
(Chief Executive Officer)

S.K. Patel
(Chief Financial Officer)

Gopabandhu Mishra
(Company Secretary)

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED
Statement of Profit and Loss for the year ended 31st March, 2016

(Amount in Rs.)

Particulars	Note No.	For the Financial year 01.04.2015 to 31.03.2016	For the Financial year 01.04.2014 to 31.03.2015
I. Revenue from Operations	15	14,136,044	636,832
II. Other Income	16	48,550,709	10,380,968
III. Total Revenue (I + II)		62,686,753	11,017,800
IV. Expenses			
Employee benefits expense	17	6,487,630	3,994,044
Finance Costs	18	10,534	-
Depreciation & Amortisation Expense	8	61,639	14,158
Other Expenses	19	4,566,451	6,387,087
Total Expenses		11,126,254	10,395,289
V. Profit before Prior Period Items and Tax (III-IV)		51,560,499	622,511
VI. Prior Period Items	20	43,500	2,058,070
VII. Profit/(Loss) before Tax (V - VI)		51,516,999	(1,435,559)
VIII. Tax Expense			
(1) Current Tax		17,070,904	194,988
(2) Deferred Tax		(12,105)	-
(3) Taxes for earlier years		26,854	-
IX. Profit/(Loss) after tax (VII - VIII)		34,431,346	(1,630,547)
X. Basic and Diluted Earnings per equity share of Rs. 10 each	21	1.90	(0.17)
XI. Significant accounting policies			
Notes referred to above form an integral part of financial statements			

As per our report of even date attached
For T R Chadha & Co LLP
Chartered Accountants
(Firm Registration No. 006711N/N500028)

For and on behalf of the Board of Directors of
Indian Highways Management Company Limited

Surender Kumar
(Partner)
M. No. 082982

Raghav Chandra
(Chairman)
(DIN:00057760)

V.C. Verma
(Director)
(DIN:00175162)

Place : New Delhi
Date: 21.07.2016

R. C. Palekar
(Chief Executive Officer)

S.K. Patel
(Chief Financial Officer)

Gopabandhu Mishra
(Company Secretary)

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

Cash Flow Statement for the year ending 31st March, 2016

(Amount in Rs.)

Particulars	Year Ended 31st March, 2016		Year Ended 31st March, 2015	
A. Cash Flow from Operating Activities:				
Net Profit/ (Loss) before tax		51,516,999		(1,435,559)
Adjustments For:				
a) Depreciation and Amortisation Expenses	61,639		14,158	
b) Interest Income	(48,462,554)		(9,945,968)	
c) Provision for Gratuity	49,677		47,308	
d) Finance cost	10,534	(4,83,40,704)	-	(9,884,502)
Operating Cash Profit before Working Capital Changes		3,176,295		(11,320,061)
Changes in Working Capital				
a) Increase/(Decrease) in Other current liability	481,850,256		258,247,921	
b) (Increase)/Decrease in Trade Receivable	(13,979,228)		(515,217)	
c) (Increase)/Decrease in Other Current and Non Current assets	(1,219,138)	466,651,890	(4,036,659)	253,696,045
Cash Generated From Operations		469,828,185		242,375,984
Less: Taxes Paid		(88,265,744)		(984,338)
Net Cash Flow From Operating Activities (A)		381,562,441		241,391,646
B. Cash Flow from Investing Activities:				
a) Purchase of Fixed Assets		(89,980)		(227,341)
b) Interest Received		47,455,139		9,871,593
c) Movement in Fixed deposits		297,772,045		(350,000,000)
Net Cash Flow From Investing Activities (B)		345,137,204		(340,355,748)
C. Cash Flow from Financing Activities:				
a) Issue of Share Capital		-		177,854,150
b) Finance cost paid		(10,534)		-
Net Cash Flow From Financing Activities (C)		(10,534)		177,854,150
Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		726,689,111		78,890,048
Add: Balance in the beginning of year		84,677,306		5,787,258
Balance at the end of year		811,366,418		84,677,306
Components of Cash and Cash Equivalents (Refer Note 12)				
Balances With Scheduled Banks				
- In Current account	59,150		84,677,306	
- In deposit accounts with original maturity of less than 3 months	811,307,268			
Cash & Cash Equivalents as at the end		811,366,418		84,677,306
III. Significant accounting policies	2			

Notes:

- The above cash flow statement has been prepared under the 'Indirect method' as setout in Accounting Standard-3 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- Figures in brackets indicate cash outgo
- Previous year figures have been regrouped/rearranged wherever necessary to conform current year's presentation.

As per our report of even date attached
For T R Chadha & Co LLP
Chartered Accountants
(Firm Registration No. 006711N/N500028)

For and on behalf of the Board of Directors of
Indian Highways Management Company Limited

Surender Kumar
(Partner)
M. No. 082982

Raghav Chandra
(Chairman)
(DIN:00057760)

V.C. Verma
(Director)
(DIN:00175162)

Place : New Delhi
Date: 21.07.2016

R. C. Palekar
(Chief Executive Officer)

S.K. Patel
(Chief Financial Officer)

Gopabandhu Mishra
(Company Secretary)

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED
Notes forming part of the Financial Statements

	Amount (Rs.)	
	As at 31.03.2016	As at 31.03.2015
3. SHARE CAPITAL		
Authorized Shares		
4,00,00,000 (PY - 4,00,00,000) Equity Shares of Rs. 10/- each	400,000,000	4,000,000,00
	400,000,000	4,000,000,00
Shares Issued, Subscribed & Fully Paid up		
1,81,24,256 Equity Shares (PY - 1,81,24,256) of Rs. 10/- each	181,242,560	181,242,560
	181,242,560	181,242,560

3.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31.03.2016	As at 31.03.2015
Number of Shares outstanding as at beginning of the year	18,124,256	338,841
Add: Shares issued during the year	-	17,785,415
Number of Shares outstanding as at end of the year	18,124,256	18,124,256

3.2 Rights, preferences and restrictions attaching to each class of Shares including restrictions on the distribution of dividend and the repayment of capital.

The Company has only one type of equity shares having par value of Rs. 10 each per share. All shares rank pari passu with respect to dividend, voting rights and other terms. Each shareholder is entitled to one vote per share. The equity shareholders are entitled to dividend rights according to their paid up portion of the share capital. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

3.3 Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held is as given below:

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No of Shares	Percentage	No of Shares	Percentage
National Highways Authority of India	7,500,000	41.38%	7,500,000	41.38%
ICICI Bank Limited	1,500,000	8.27%	1,500,000	8.27%
Axis Bank Limited	1,500,000	8.27%	1,500,000	8.27%
L & T Infrastructure Finance Company Limited	1,500,000	8.27%	1,500,000	8.27%
Total	12,000,000	66.19%	12,000,000	66.19%

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED
Notes forming part of the Financial Statements

	(Amount in Rs.)	
	As at March 31, 2016	As at March 31, 2015
4. RESERVES AND SURPLUS		
Surplus		
Balance at the beginning of the year	(7,328,057)	(5,697,510)
Add: Profit during the year	34,431,346	(1,630,547)
Balance at the end of the year	27,103,289	(7,328,057)

	(Amount in Rs.)	
	As at March 31, 2016	As at March 31, 2015
5. LONG TERM PROVISIONS		
Provision for Employee Benefits (Refer note 17)	96,802	47,308
	96,802	47,308

	(Amount in Rs.)	
	As at March 31, 2016	As at March 31, 2015
6. OTHER CURRENT LIABILITIES		
a) Payable to NHAI for salary & other costs to personnel deployed by NHAI*	11,495,586	8,281,397
b) Payable on account of NHAI project expenditure	239,467,003	22,021,050
c) Receipts on account of Over Weight and Over Dimensional Vehicles**	187,081,166	59,934,986
d) Duties & Taxes Payable	11,341,447	1,416,617
e) Expenses Payable	1,252,583	806,696
f) Book Overdraft	584,332	-
g) Earnest Money Deposit	500,000	6,500,000
h) Other Payable***	292,461,080	163,372,194
	744,183,197	262,332,940

* Amounts payable to related party.

** In terms of MoRTH notification No. RW-NH-35072/1/2010-S&R(B) dated 20.09.2013 user fee for movement of Over Weight and Over Dimensional (OW/OD) Consignments levied by MoRTH is being deposited in IHMCL Bank A/c. The amount has been shown under current liabilities as Receipts on behalf of Government of India.

*** Details of Other Payables

i) Funds from NHAI/Government of India- Ministry of Road Transport and Highways for Projects- ETC, Traffic Survey,Way Side Amenities, Road User Helpline & Toll Management System*

Name of the project	Opening balance as on 01.04.2015	Fund received during the year	Funds utilised during the year	Closing balance as on 31.03.2016
i) Electronic Toll Collection	175,687,250	81,500,000	239,491,069	17,696,181
ii) Traffic Survey	(12,315,056)	607,543,019	499,253,385	95,974,578
iii) Way Side Amenities	-	82,722,500	30,364,968	52,357,532
iv) Road User Helpline	-	65,000,000	5,532,359	59,467,641
v) Toll Management System	-	65,600,000	46,557,000	19,043,000
Total	163,372,194	902,365,519	821,198,781	244,538,932
Previous year figures	-	197,720,000	34,347,806	163,372,194

ii) Funds from NHAI for National Green Highways Mission*

Opening Balance	-
Add: Funds Received during the year (A)	50,000,000
Less: Funds utilised during the year (B)	
- Consultancy Charges	1,639,167
- Travelling	409,154
- Manpower hiring	29,531
	<u>2,077,852</u>
Closing Balance as on 31st March 2016 (A-B)	47,922,148

	(Amount in Rs.)	
	As at March 31, 2016	As at March 31, 2015
7. SHORT TERM PROVISIONS		
Provision for Employee Benefits (Refer note 17)	183	-
	183	-

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

Notes forming part of the Financial Statements

8. FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 01.04.2015	Addition during the year	Deletion during the year	As on 31.03.2016	As on 01.04.2015	For the year	Deletion during the year	As on 31.03.2016	As on 31.03.2015
Tangible Assets									
Furniture & Fixtures	23,000	-	-	23,000	748	2,185	-	20,067	22,252
Computer	51,975	-	-	51,975	1,263	16,459	-	34,253	50,712
Office Equipments	-	89,980	-	89,980	-	12,522	-	77,458	-
Total	74,975	89,980	-	164,955	2,011	31,166	-	131,778	72,964
Intangible Assets									
Website	98,366	-	-	98,366	11,319	19,673	-	67,374	87,047
Computer Software	54,000	-	-	54,000	828	10,800	-	42,372	53,172
Total	152,366	-	-	152,366	12,147	30,473	-	109,746	140,219
Grand Total	227,341	89,980	-	317,321	14,158	61,639	-	241,524	213,183
Previous year	-	227,341	-	227,341	-	14,158	-	213,183	-

Note : As per internal assessment of the company there is no asset requiring provision for impairment as on 31-03-2016 as per AS 28 on "Impairment of Assets".

	(Amount in Rs.)	
	As at March 31, 2016	As at March 31, 2015
9. DEFERRED TAX ASSETS (NET)		
Deferred Tax Liability		
Difference between depreciation as per Companies Act, 2013 and Income Tax Act, 1961	19,961	13,403
Deferred Tax Assets		
Disallowances of Gratuity expense	32,066	13,403
Deferred Tax Asset (Net)	12,105	-
10. LONG TERM LOANS & ADVANCES		
(Unsecured, considered good)		
Security Deposit	3,000	3,000
Income Tax Advances*	71,979,656	811,670
	71,982,656	814,670
*Net of provision of Rs. 1,72,65,892 (Previous year Rs. 1,94,988)		
11. TRADE RECEIVABLE		
(Unsecured, Considered good, except otherwise stated)		
Outstanding exceeding six months from due date	-	-
Others	14,494,445	515,217
	14,494,445	515,217
* Includes receivable from related party Rs. 1,31,29,395 (Previous Year Rs. 5,15,217)		
12. CASH AND CASH EQUIVALENTS		
a) Cash & Cash Equivalents		
Balances with Banks		
- in Current Accounts	59,150	84,677,306
- in deposit accounts with original maturity of less than 3 months	811,307,268	-
	811,366,418	84,677,306
b) Other Bank Balance (Fixed Deposits)		
	52,227,955	350,000,000
Total (a + b)	863,594,373	434,677,306
13. SHORT TERM LOANS & ADVANCE		
(Unsecured, considered good)		
Other Advances (Imprest)	14,559	-
	14,559	-
14. OTHER CURRENT ASSETS		
Interest Receivable on Fixed Deposits	1,081,790	74,375
Unbilled Revenue	1,204,579	-
	2,286,369	74,375

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

Notes forming part of the Financial Statements

	(Amount in Rs.)	
15. REVENUE FROM OPERATIONS	For The Year Ended March 31, 2016	For The Year Ended March 31, 2015
Sale of Services		
-Management Fee from NHAI Projects*	12,359,624	515,217
-Management Fee from National Green Highways Mission**	311,678	-
Other Operating Revenue		
Revenue from ETC Operations	-	121,615
Traffic Data Sharing Fees	174,742	-
Management Consultancy on other Projects***	1,290,000	-
	14,136,044	636,832

*Management Fees @ 1.5% on cost incurred by IHMCL on NHAI Projects.

**Management Fees @ 15% on cost incurred by IHMCL on National Green Highway Mission.

***Management Consultancy Services on other Projects namely Gujarat Urban Total Electronic Enforcement System (Teas) Project and Madhya Pradesh Road Development Corporation.

	(Amount in Rs.)	
16. OTHER INCOME	For The Year Ended March 31, 2016	For The Year Ended March 31, 2015
Interest Income on Deposits	48,462,554	9,945,968
Miscellaneous Income	88,155	435,000
	48,550,709	10,380,968

	(Amount in Rs.)	
17. EMPLOYEES BENEFIT EXPENSES	For The Year Ended March 31, 2016	For The Year Ended March 31, 2015
Salaries and Wages	6,407,894	3,960,411
Staff Welfare expenses	79,736	33,633
	6,487,630	3,994,044

	(Amount in Rs.)	
18. FINANCE COST	For The Year Ended March 31, 2016	For The Year Ended March 31, 2015
Interest on TDS	10,534	-
	10,534	-

19. OTHER EXPENSES

	(Amount in Rs.)	
	For The Year Ended March 31, 2016	For The Year Ended March 31, 2015
Advertisement Expenses	53,885	1,929,984
Audit Fees (Refer Note 22)	50,000	61,798
AGM Expenses	87,051	-
Conference & Exhibition Expenses	300,000	957,623
Fee & Subscription	-	663,823
Housekeeping Expenses	-	156,313
Legal and Filing Fee	82,562	810,491
Manpower Hiring Expenses	693,269	153,115
Office Expenses	-	20,093
Printing and Stationery	77,486	27,724
Professional & Consultancy Charges	1,475,289	475,284
Sitting Fee to Directors	150,575	39,326
Taxi Hire Charges	628,822	597,812
Travelling Expenses	818,983	390,592
Website Hosting & Maintenance Expenses	102,610	84,255
Miscellaneous Expenses	45,919	18,854
	4,566,451	6,387,087

20. PRIOR PERIOD ADJUSTMENTS

	(Amount in Rs.)	
	For The Year Ended March 31, 2016	For The Year Ended March 31, 2015
Revenue from Operations	-	1,203,898
Imprest A/c	-	8,576
NHAI incurred expenses on behalf of IHMCL	-	845,596
Consultancy Fees	43,500	-
	43,500	2,058,070

21. EARNING PER SHARE

	Current Year	Previous Year
Number of Equity Shares of Rs. 10 each fully paid up at the beginning of the year	18,124,256	338,841
Number of Equity Shares of Rs. 10 each fully paid issued during the year	-	17,785,415
Number of Equity Shares of Rs. 10 each fully paid up at the end of the year	18,124,256	18,124,256
Weighted Average number of Equity Shares of Rs10/- each outstanding during the year	18,124,256	9,590,670
Net Earning after tax for the year (Rs.)	34,431,346	(1,630,547)
Earning Per Equity Share of Rs. 10 each		
- Basic	1.90	(0.17)
- Diluted	1.90	(0.17)

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

Notes forming part of the Financial Statements

As per Accounting Standard 15 " Employee benefits", the disclosures as defined in the Accounting Standard are given below:

Defined Benefit Plans:

Valuations in respect of Gratuity have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

Particulars	(Amount in Rs.) Gratuity (Unfunded)	
	2015-16	2014-15
(i) Major Assumptions		
(a) Discount Rate (per annum)	8%	NA
(b) Future Salary Increase	8%	NA
(c) Rate of Return on Plan Assets	NA	NA
(d) Expected Average remaining working lives of employees in number of years	27.70	NA
(ii) Changes in the Present Value of Obligation		
(a) Present Value of obligation as at beginning of the year	47,308	-
(b) Acquisition out: Liability transferred	-	-
(c) Interest Cost	3,785	-
(d) Past Service Cost	-	-
(e) Current Service Cost	74,229	47,308
(f) Benefits Paid	-	-
(g) Actuarial (Gain)/Loss	28,337	-
(h) Present Value of obligation as at end of the year	96,985	47,308
(iii) Changes in the Fair value of Plan Assets		
(a) Present Value of Plan Assets as at beginning of the year	-	-
(b) Expected Return on Plan Assets	-	-
(c) Employers' Contributions	-	-
(d) Last year's settlement	-	-
(e) Benefits Paid	-	-
(f) Actuarial gain/ (loss) on plan assets	-	-
(g) Fair Value of Plan Assets as at end of the year	-	-
(iv) Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets		
(a) Present Value of Funded Obligation as at end of the year	-	-
(b) Fair Value of Plan Assets as at end of the year	-	-
(c) Funded (Asset)/Liability recognised in the Balance Sheet	-	-
(d) Present Value of Unfunded Obligation as at end of the year	96,985	47,308
(e) Unrecognised Past Service Cost	-	-
(f) Unrecognised Actuarial Gains/(Losses)	-	-
(g) Unfunded Net Liability recognised in the Balance Sheet	96,985	47,308

(v) Actuarial gain / (loss) recognized

a) Actuarial gain/(loss) for the year - obligation	(28,337)	-
b) Actuarial gain/(loss) for the year - plan assets	-	-
c) Total gain/(loss) for the year	(28,337)	-
d) Actuarial gain / (loss) recognized in the year	(28,337)	-
e) Unrecognized actuarial (gain)/Loss at the end of the year	-	-

(vi) Amount recognised in the Balance Sheet

(a) Present Value of Obligation as at end of the year	96,985	47,308
Long Term Provisions	96,802	47,308
Short Term provisions	183	-
(b) Fair Value of Plan Assets as at end of the year	-	-
(c) (Asset)/Liability recognised in the Balance Sheet	96,985	47,308

(vii) Expenses recognised during the year

(a) Current Service Cost	74,229	47,308
(b) Past Service Cost	-	-
(c) Interest Cost	3,785	-
(d) Expected Return on Plan Assets	-	-
(e) Net actuarial (Gain)/Loss	28,337	-
(f) Employees' Contribution	-	-
(g) Total Expenses recognised during the year	49,677	47,308
(h) Expenses recognised in the Statement of Profit and Loss	49,677	47,308

(viii) Expected Employer's Contribution for the next year

	-	-
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**(ix) Other Disclosure
Gratuity ((Unfunded)**

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Present Value of Obligation at the end of the year	96,985	47,308	-	-	NA
Fair Value of Plan Assets at the end of the year	-	-	-	-	NA
Surplus/(Deficit)	(96,985)	(47,308)	-	-	NA
Experience adjustments on plan liabilities (Gain)/Loss	-	-	-	-	NA
Experience adjustments on plan assets (Gain)/Loss	-	-	-	-	NA

INDIAN HIGHWAYS MANAGEMENT COMPANY LIMITED

Notes forming part of Financial Statements

1. Background

The Company Indian Highways Management Company Limited had been incorporated in the year 2012. The object of the company is to provide services pertaining to management of toll collection of National Highways through electronic toll systems; to assess the volume of traffic and to standardize the process of data collection and creating of central data repository through Traffic Surveys using portable ATCC; to provide standardized and hygienic facilities through Ways Side Amenities project; Setting up and operationalizing 24x7 Helpline (Call Centre)-" 1033" for Road Users; Implementation of Toll Management System CCTV Surveillance system along with Weigh in Motion and Static Weigh Bridge which helps in regulating the government weigh enforcement policies and prevent overloading of vehicles; Develop eco friendly National Highways with participation of the community, farmers, NGOs, private sector, institutions, government agencies and the Forest Department for economic growth and development in a sustainable manner.

2. Significant accounting policies

2.1 Basis of preparation of Financial Statements

These financial statements have been prepared and presented on a going concern basis under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013/Companies Act, 1956, as adopted consistently by the Company.

2.2 Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Fixed Assets and depreciation

Tangible Assets

Tangible fixed assets are carried at cost of acquisition less amount of depreciation charged on yearly basis. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Intangible Assets

Intangible asset represents computer software acquired by the Company carried at cost of acquisition less amortisation. The cost of an item of intangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation

Depreciation on fixed assets is provided pro-rata to the period of use, on the Straight Line Method rates worked out based on the useful life and in the manner prescribed in the Schedule II to the Companies Act, 2013..

The useful lives of various assets as per Schedule II are given as under:

Type of asset	Period
Office Equipment	5 Years
Furniture & Fixture	10 Years
Computer Equipment	3 Years
Intangible Assets	5 Years

The company follows component approach as envisaged in Schedule II to the Companies Act, 2013. The approach involves identification of components of the asset whose cost is significant to the total cost of the asset and have useful life different from the useful life of the remaining assets and in respect of such identified components, useful life is determined separately from the useful life of the main asset

Depreciation on additions is provided on a pro-rata basis from the month of acquisition/ installation. Depreciation on sale/deduction from fixed assets is provided for up to the date of sale/adjustment, as the case may be.

Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

Intangible assets are amortised on straight line method on pro-rata basis over a period of five years.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash balance with bank and fixed deposits with an original maturity period of three months or less.

2.5 Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. The Revenue recognition is on the basis of specified percentage on the cost incurred by the company on the basis of utilisation of fund for various projects as per contracted terms.

2.6 Foreign Currency Transactions

- 2.6.1 Initial Recognition :** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- 2.6.2 Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.
- 2.6.3 Exchange Differences:** Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

2.7 Tax Expenses

Income tax expense comprises current tax (i.e. the amount of tax for the year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future. However, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

2.8 Employee Benefits

2.8.1 Short Term Benefits

Employee benefits (other than post-employment benefits) which fall due wholly within twelve months after the end of the year in which the employees render the related service are recognized at the amount expected to be paid for it.

2.8.2 Post-Employment Benefits

Defined Benefit plan

The liability is determined based on actuarial valuation using the Projected Unit Credit Method as at the balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, is based on market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

2.9 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss.

2.10 Provisions, Contingent Liabilities and Contingent Assets

A provision arising from claims, litigation, assessment, fines, penalties, etc. is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These are reviewed at each balance sheet date and adjusted to reflect current management estimates. Contingent liabilities are disclosed in respect of possible obligations that have risen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. When there is a possible obligation or present obligation where the likelihood of an outflow is remote, no disclosure or provision is made.

2.11 Earning Per Share

Basic earning per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding for the period. Diluted earning per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during period.

2.12 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the assets does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognised.

Indian Highways Management Company Limited
Notes forming part of the Financial Statements
22. PAYMENT TO AUDITORS

Amount (Rs)

Particulars	Current Year	Previous Year
Statutory Audit Fees	50,000	50,000
Out of Pocket Expenses	-	11,798
	50,000	61,798

23. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

Amount (Rs)

Particulars	Current Year	Previous Year
(a) Claims against Company not acknowledged as debts*	7,54,40,344	-

*** Claims against the company not acknowledged as debts include the following cases:**

A vendor, M/s Mukesh and Associates had submitted their invoices for Rs. 6,58,86,763/- for site specific development work of Wayside Amenities Project of NHAI. However, the liability against the same has not been taken into account in the financial year 2015-16 since the amount is not payable as per the management due to defective services provided and pending necessary procedural compliances / approvals.

24. RELATED PARTY DISCLOSURE (As per AS-18)
A. Related parties and transactions with them as identified by the management are given below:

- 1) **Shareholders having significant holding**
National Highways Authority of India
- 2) **Key Management Personnel**
Mr. R C Palekar - Chief Executive Officer

B. Transactions and Outstanding Balances with Related Parties in the ordinary course of business.

Amount (Rs)

Transactions with NHAI	Current Year	Previous Year
Share Issued		
Amount of Shares issued to NHAI at Rs. 10 each	-	722,11,590
Income		
Management Fees from Sale of Services	1,26,71,302	5,15,217
Expenses		
Expenses incurred by NHAI on behalf of IHMCL	32,14,189	33,63,325
Prior Period Adjustment	-	8,45,596
Advance for Projects received		
Advance received for ETC, Traffic Survey, Road User Helpline, Way Side Amenities, Toll Management System and Green Highways Projects	95,23,65,519	19,77,20,000
Amount utilised for ETC, Traffic Survey, Road User Helpline, Way Side Amenities, Toll Management System and Green Highways Projects	8,23,276,633	3,43,47,806
Outstanding Balances	Current Year	Previous Year
Trade Receivable		
Amount receivable from NHAI on account of Management Fee	131,29,395	5,15,217
Payable		
For expenses incurred by NHAI on behalf of IHMCL	114,95,586	82,81,397
Advances for ETC, Traffic Survey, Road User Helpline, Way Side Amenities, Toll Management System and Green Highways projects	29,24,61,080	1633,72,194
Transactions with KMP	Current Year	Previous Year
Remuneration		
Mr R C Palekar, CEO	20,70,826	17,56,465

25. Other Notes:

1. The company has received Rs. 19.77 crores in 2014-15 and 95.24 crores in 2015-16 from NHAI and Government of India- Ministry of Road Transport and Highways for execution of six projects namely Traffic survey, ETC, Toll Management System, Road User Helpline, Wayside Amenities and Green Highways Mission. The company and NHAI are in the process of executing necessary MOU for this purpose. Pending documentation this amount has been shown as advances from NHAI for these six projects under Current Liabilities. Out of the funds received, the company had utilized sum of Rs. 3.43 Crores in 2014-15 and Rs. 82.33 crores in 2015-16 for implementing these project including purchase of Electronic Toll Collection (ETC) and other project expenses through contractors on behalf of NHAI/ Government of India- Ministry of Road Transport and Highways. The invoices for ETC equipments and other project expenses are in the name of the company. However, in accordance with the understanding between NHAI and company, ETC equipments are not the assets of the company and have, therefore not been recorded in the books of company.
2. Management fee @1.5% on the cost incurred by IHMCL on ETC, Traffic Survey projects, Road User Helpline, Way Side Amenities, Toll Management Fees (on behalf of NHAI), has been accounted for in the books of IHMCL on the basis of the Minutes of the meeting held on 26.03.2015 in the Ministry of Road Transport & Highways (MoRTH). In respect of Green Highways Project, management fees @ 15% have been accounted for as per board meeting held on 17.12.2015 in NHAI.
3. As per the books of account of the company, a sum of Rs. 29,24,61,080 has been received towards advance from NHAI for execution of its various projects and outstanding as on 31.03.2016. In addition, Rs. 1,14,95,586 is payable to NHAI for salary and other costs to personnel deployed by NHAI. However as per the confirmation received from NHAI a sum of Rs. 70,14,95,586 is outstanding as advance to the company, resulting in a difference of Rs. 39,75,38,920. The reasons for the difference could not be reconciled.
4. Balances of the certain parties are subject to confirmation/reconciliation. In the opinion of management current assets, non-current assets, loans and advances and trade receivables have an approximate realizable value equal to amount stated in the Financial Statements, unless otherwise stated. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.
5. Based on the information available with the Company, there are no dues as at March 31, 2016 payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006". No interest is paid/payable by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.
6. Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date
 For T R Chadha & Co LLP
 Chartered Accountants
 (Firm Registration No. 006711N/N500028)

Surender Kumar
 (Partner)
 M. No. 082982

Raghav Chandra
 (Chairman)
 (DIN: 00057760)

V.C. Verma
 (Director)
 (DIN: 00175162)

Place: New Delhi
 Date: 21.07.2016

R.C.Palekar
 (Chief Executive Officer)

S.K.Patel
 (Chief Financial Officer)

Gopabandhu Mishra
 (Company Secretary)

