INDEPENDENT AUDITORS' REPORT

To the Members of HK Toll Road Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Ind AS financial statements of **HK Toll Road Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended , and notes to the Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information.(hereinafter referred to as 'the Ind AS financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("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 March 31, 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	**How our audit addressed the key audit matter**
Intangible Assets: Toll Road Concession Arrangements	
Intangible assets arising out of service concession arrangements are accounted for as intangible assets where the company has a contractual right to charge users of service when the projects are completed. Apart from above as per the service concession agreement the Company is obligated to pay the	As part of our audit, we: • Reviewed terms and conditions of toll road concession arrangement, the contractual sums and checked project revenues and costs incurred against underlying supporting documents that arose the Intangible Assets.

amount of premium to National Highways Authority of India (NHAI). This premium obligation has been treated as an Intangible asset given it is paid towards getting the right to earn revenue by constructing and operating the roads during the concession period. The total premium payable to the grantor as per the Service Concession Arrangement is also recognized as an "intangible assets" and the corresponding obligation for committed premium is recognized as premium obligation. The intangible assets is measured at the fair value of consideration transferred to acquire asset, which is the fair value of consideration received or receivable for the construction services delivered. The accounting for such toll road concession arrangements is complex due to high level of estimation uncertainty in determining the costs to complete. This uncertainty is due to the nature of the operations, which may be impacted by the technical complexity of projects and the precision of cost estimation as at balance sheet date. The uncertainty and subjectivity could result in estimation variances which will affect the amount of intangible assets, and hence may have a significant impact on the financial position of the company. Accordingly, an intangible asset from toll road concession arrangement is identified as a key audit matter.	• Conducted site visits and discussed the progress of the projects with project managers for indications of any potential disputes, variation order claims, known technical issues or significant events that could impact the amount of Intangible assets recognized. • Analysed changes in estimates of costs from prior periods and assessed the consistency of these changes with progress of the projects during the year. • Reviewed the projects revenue generated during the current year against the forecast initially considered. • Assessed the adequacy of the companies disclosures made in to the financial statements

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of profit and loss, and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2020 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' 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 its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2020.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. K. Patodia & Associates
Chartered Accountants
Firm Registration Number: 112723W

Dhiraj Lalpuria
Partner
Membership Number: 146268
UDIN: **20146268AAAAEV4032**

Place: Mumbai
Date: May 8, 2020

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant & equipment.

(b) All the property, plant & equipment are physically verified by the Management according to phased programme designed to cover all the items over the year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.

(c) As per the records examined by us, the Company does not have any immovable property. Accordingly, the provisions of Clause 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

(iii) The Company has not granted any unsecured loan, to the companies covered in the register maintained under Section 189 of the Companies Act, 2013. The company also has not granted any secured or unsecured loans to firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act.

(iv) In our opinion and according to the information and explanation given to us, the Company has not given any loan, guarantee or security in respect of loans or made investments, as per the provisions of section 185 and 186 of the Companies Act, 2013

(v) The Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) The maintenance of cost records has been specified by the Central Government of India under sub-section (1) of section 148 of the Companies Act. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section(1) of section 148 the Act and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, goods & service tax, duty of customs, duty of excise or value added tax or cess which have not been deposited on account of any dispute.

(viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not made defaults in repayment of loans or borrowings to financial institution or banks at the balance sheet date. The Company does not have any loans or borrowings from Government. Further, the Company has not issued any debentures.

(ix) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the period. Accordingly, provisions of Clause 3(ix) of the Order are not applicable to the company.

(x) According to the information and explanations given to us, in respect of which we are unable to comment on any potential implications for the reasons described therein, no fraud by the Company or fraud on the Company by its officers and employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and accordingly the provisions of clause 3(xii) of the Order are not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details of related party transactions as required by the applicable accounting standards have been disclosed in the financial statements.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence the provisions of clause 3(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company in respect of which we are unable to comment on any potential implications for the reasons described therein, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For S. K. Patodia & Associates
Chartered Accountants
Firm Registration Number: 112723W

Dhiraj Lalpuria
Partner
Membership Number: 146268
UDIN : 20146268AAAAEV4032

Place: Mumbai
Date: May 8, 2020

Annexure B to the Independent Auditor's Report

Referred to in paragraph 1(A) (f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of HK Toll Road Private Limited

Report on the Internal Financial Controls with reference to the aforesaid Standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

1. We were engaged to audit the internal financial controls with reference to Ind AS financial statements of HK Toll Road Private Limited (hereinafter referred to as "the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls over financial reporting with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financials Controls over Financial Reporting ('Guidance Note') 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to financial statements based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India (ICAI). Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exist, 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 risk of material misstatement of the financial statement, whether due to fraud or error.
5. 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 over financial reporting with reference to the standalone financial statements of the Company.

Meaning of Internal Financial controls Over Financial Reporting with Reference to Financial Statements

6. A company's internal financial controls over financial reporting with reference to financial statements 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 controls over financial reporting with reference to financial statements include those policies and procedures that:

    i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

    ii. 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

    iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or dispositions of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

7. Because of the inherent limitations of internal financial controls over financial reporting with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to financial statements and such internal financial controls over financial reporting with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting with reference to financial statements 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 ICAI.

For S. K. Patodia & Associates
Chartered Accountants
Firm Registration Number: 112723W

Dhiraj Lalpuria
Partner
Membership Number: 146268
UDIN: 20146268AAAAEV4032

Place: Mumbai
Date: May 8, 2020

HK TOLL ROAD PRIVATE LIMITED
Balance Sheet as at March 31, 2020

Particulars	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Intangible assets	4	17768.41	18145.59
(b) Intangible assets under development	4	8.57	8.57
(c) Financial Assets			
(i) Loans	5c		5.24
(d) Deferred tax assets (net)	29	716.84	521.58
Total Non-Current Assets		18493.82	18680.98
Current assets			
(a) Financial Assets			
(i) Cash and cash equivalents	5a	194.06	47.50
(ii) Loans	5b	-	0.23
(iii) Other financial asset	5d	10.99	21.48
(b) Current Tax Assets (Net)		32.17	15.67
(c) Other current assets	6	4.39	5.25
Total Current Assets		241.61	90.13
Total Assets		**18735.43**	**18771.11**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	7	37.11	37.11
(b) Subordinated debt (in nature of Equity)	8a	3022.60	3022.60
(c) Other equity	8	(1,170.58)	(601.70)
Total Equity		1889.13	2458.01
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	9	5318.43	5373.02
(ii) Other financial liabilities	11b	10699.24	10126.06
(b) Provisions	12b	245.91	171.86
Total Non-Current Liabilities		16,263.58	15,670.94
Current liabilities			
(a) Financial Liabilities			
(ia) Trade payables - Micro and Small Enterprises			
(ib) Trade payables - Other than Micro and Small Enterprises	10	35.64	123.52
(ii) Other financial liabilities	11a	533.35	515.13
(b) Other current liabilities	13	13.65	2.76
(c) Provisions	12a	0.08	0.75
Total Current Liabilities		582.72	642.16
Total Equity and Liabilities		**18735.43**	**18771.11**

The accompanying summary of significant accounting policies and other explanatory informtaion (notes) are an integral part of the Financial Statements

As per our attached report of even date.

For S K Patodia & Associates
Chartered Accountants
Firm Registration No. 112723W

For and on behalf of the Board

Dhiraj Lalpuria
Partner
Membership No. : 146268

Rajesh Das
Additional Director
DIN:08717511

Sameer Singh
Additional Director
DIN:08634767

Date: May 08, 2020
Place: Mumbai

Date: May 08, 2020
Place: Mumbai

HK TOLL ROAD PRIVATE LIMITED
Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from Operations	14	1,663.00	1,609.94
Other Income	15	2.34	158.24
Total Income		1,665.34	1,768.18
Expenses			
Toll Operation and Maintainence expenses	16	161.91	156.75
Employee benefits expense	17	21.75	30.52
Finance costs	18	1,857.29	1,818.47
Depreciation and amortization expense	4	377.18	362.08
Other expenses	19	15.30	15.22
Total expenses		2,433.43	2,383.05
Profit / (Loss) before tax		**(768.09)**	**(614.86)**
Tax expense			
Deferred tax charge/(credit)		(196.69)	(46.48)
Profit/(Loss) After Tax		**(571.39)**	**(568.38)**
Other Comprehensive Income/ (Loss)			
- Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit plans		3.40	(1.85)
- Income tax relating to above		0.88	(0.48)
Other Comprehensive Income/ (Loss)		**2.51**	**(1.37)**
Total Comprehensive Income/ (Loss)		**(568.88)**	**(569.75)**
Earning/ (loss) per equity share (Face Value per share ₹10 each)			
Basic & Diluted	25	(153.97)	(153.16)

The accompanying summary of significant accounting policies and other explanatory informtaion (notes) are an integral part of the Financial Statements

This is the Statement of Profit and Loss referred to in our report of even date.

For S K Patodia & Associates
Chartered Accountants
Firm Registration No. 112723W

Dhiraj Lalpuria
Partner
Membership No. : 146268

Date: May 08, 2020
Place: Mumbai

For and on behalf of the Board

Rajesh Das
Additional Director
DIN:08717511

Sameer Singh
Additional Director
DIN:08634767

Date: May 08, 2020
Place: Mumbai

HK TOLL ROAD PRIVATE LIMITED
Cash flow Statement for the Year Ended March 31, 2020

₹ Millions

		Year ended March 31, 2020	Year ended March 31, 2019
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit / (Loss) before tax	**(768.09)**	**(614.86)**
	Adjustments for:		
	Depreciation and amortisation expenses	377.18	362.08
	Interest income	(1.72)	(0.28)
	Net (gain)/loss on sale of investments	(0.62)	(1.65)
	Interest expense	1,857.29	1,818.47
		1,464.04	**1,563.76**
	Cash Generated from Operations before working capital changes		
	Adjustments for:		
	(Increase)/decrease in financial assets except for investments	15.96	(6.08)
	(Increase)/decrease in other current assets	0.87	0.41
	Increase/(decrease) in trade payables	(87.87)	45.97
	Increase/(decrease) in other financial liabilities	(9.38)	9.71
	Increase/(decrease) in provisions	56.15	(96.16)
	Increase/(decrease) in other current liabilities	10.89	0.23
		(13.39)	**(45.91)**
	Cash generated from operations	**1,450.66**	**1,517.85**
	Taxes (paid) net of refunds	(15.62)	(7.48)
	Net cash generated from operating activities - [A]	**1,435.04**	**1,510.36**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase/sale proceeds of intangible assets (including intangible assest under development, Capital advances and capital creditors)	(549.78)	(727.40)
	Purchase of current investments (net of proceeds)	0.62	1.65
	Interest received	1.72	0.28
	Net cash (used in) / generated from investing activities - [B]	(547.44)	(725.47)
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Repayment of long term borrowings	(55.50)	(42.18)
	Interest paid	(685.54)	(724.96)
	Net cash used in financing activities - [C]	(741.04)	(767.14)
	Net increase/(decrease) in cash and cash equivalents - [A+B+C]	146.56	17.75
	Add: Cash and cash equivalents at the beginning of the year	47.50	29.75
	Cash and cash equivalents at the end of the year	194.06	47.50
	Components of Cash and cash equivalents		
	Balances with banks - in Current accounts	80.25	30.34
	Deposits with maturity of less than three months	113.51	10.46
	Cash on hand	0.30	6.70
	Total Cash and cash equivalents (Refer Note 5a)	194.06	47.50

Previous year figures have been regrouped/ reclassified/ rearranged wherever necessary to make them comparable to those for the current year.

The balance in current account with banks of Rs. 80.14 million (Rs. 30.28 million) lying in Escrow account with bank held as security against borrowings.

As per our attached report of even date.

For S K Patodia & Associates
Chartered Accountants
Firm Registration No. 112723W

Dhiraj Lalpuria
Partner
Membership No. : 146268

Date: May 08, 2020
Place: Mumbai

For and on behalf of the Board

Rajesh Das
Additional Director
DIN:08717511

Sameer Singh
Additional Director
DIN:08634767

Date: May 08, 2020
Place: Mumbai

HK TOLL ROAD PRIVATE LIMITED
Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

₹ Millions

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
For the year ended March 31, 2019	37.11	-	37.11
For the year ended March 31, 2020	37.11	-	37.11

B. OTHER EQUITY

₹ Millions

Particulars	Equity Component of compoud financial instruments	Reserves and Surplus		Total
		Securities Premium	Retained Earnings	
Balance at April 01, 2018	**2.30**	**333.09**	**(367.34)**	- **31.95**
Profit/ (Loss) for the year			(568.38)	**(568.38)**
Other comprehensive income/ (Loss) for the year				
Remeasurement gains/ (loss) on defined benefit plans			- **1.37**	- **1.37**
Total comprehensive income for the year	**-**	**-**	**(569.75)**	**(569.75)**
Transaction with owners in their capacity as owners :				
Issue of equity shares	**-**			**-**
Dividend Paid				**-**
	-	-	-	**-**
Balance at 31st March 2019	**2.30**	**333.09**	**(937.09)**	**(601.70)**
Balance at April 01, 2019	**2.30**	**333.09**	**(937.09)**	**(601.70)**
Profit/ (Loss) for the year			(571.39)	**(571.39)**
Other comprehensive income for the year				
Remeasurement gains/ (loss) on defined benefit plans			**2.51**	**2.51**
Total comprehensive income for the year	**-**	**-**	**(568.88)**	**(568.88)**
Transaction with owners in their capacity as owners :				
Issue of equity shares	**-**			**-**
Dividend Paid				**-**
	-	-	-	**-**
Balance at 31st March 2020	**2.30**	**333.09**	**(1,505.97)**	**(1,170.58)**

As per our attached report of even date.

For S K Patodia & Associates
Chartered Accountants
Firm Registration No. 112723W

Dhiraj Lalpuria
Partner
Membership No. : 146268

Date: May 08, 2020
Place: Mumbai

For and on behalf of the Board

Rajesh Das
Additional Director
DIN:08717511

Sameer Singh
Additional Director
DIN:08634767

Date: May 08, 2020
Place: Mumbai

Note 1: Corporate information

HK Toll Road Private Limited (the "company") was awarded on Build, Operate and Transfer (BOT) basis, Design, Engineering, Construction, Operation and Maintenance for Six laning of Hosur - Krishnagiri section of National Highway – 7 (km 33.130 to km 93.000) in the state of Tamilnadu under the Concession Agreement dated July 2nd, 2010 with National Highways Authority of India. The Concession Agreement is for a period of 24 years from appointed date as defined in clause 15.1.1. The Company is a wholly owned subsidiary of Reliance Infrastructure Ltd, a public company registered as per section 3 of the Companies Act, 1956. During the year, The Company has started Toll collection w.e.f. 07^{th} June 2011.

The financial statements were authorized for issue by the Company's Board of Directors on May 08, 2020 Pursuant to the provisions of section 130 of the Act the Central Government, income tax authorities and other statutory regulatory body and section 131 of the Act the board of directors of the Company have powers to amend / re-open the financial statements approved by the board / adopted by the members of the Company.

The Company is a private limited company incorporated and domiciled in India. The registered office of the Company is located at Reliance Centre.,19, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.

Note 2: Basis of preparation

These Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These Financial Statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III of the Act, applicable Ind AS, other applicable pronouncements and regulations.

These Financial Statements have been prepared on a historical cost basis, except for certain assets and liabilities which have been measured at fair value.

These Financial Statements are presented in ₹ Millions, except where otherwise indicated.

The financial statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III to the Act, applicable Ind AS, other applicable pronouncements and regulations.

Note 3: Summary of Significant accounting policies

3.1 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

3.2 **Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The functional statements are presented in Indian Rupees (₹), which the company’s functional and presentation currency.

3.3 **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

The Company’s Management determines the policies and procedures for both recurring and non – recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant estimates and assumptions of Financial instruments (including those carried at amortisedcost (note 20) and Quantitative disclosures of fair value measurement hierarchy (note 21).

3.4 Revenue recognition

Ind AS 115 “Revenue from Contracts with Customers” provides a control- based revenue recognition model and provides a five step application approach to be followed for revenue recognition.

- Identify the contract(s) with a customer;
- Identify the performance obligations;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations;
- Recognize revenue when or as an entity satisfies performance obligations

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when no significant uncertainty exists as to its realization or collection.

Revenue is measured at the fair value of the consideration received or receivable. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the Company’s activities, as described below.

Toll revenue

The income from toll revenue from operations of the facility is accounted on accrual basis.

Others

Insurance and other claims are recognized as revenue on certainty of receipt basis.

Income on investment is recognized based on the terms of the investment. Income from mutual fund scheme having fixed maturity plans is accounted on declaration of dividend or on maturity of such investments. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rates applicable. For all other financial assets measured at amortised cost interest income is recorded using the Effective Interest Rate (EIR).

3.5 Accounting of intangible assets under service concession arrangement

The Company has Toll Road Concession rights where it Builds, Operates and Transfers (BOT) infrastructure used to provide public service for a specified period of time. These arrangements may include Infrastructure used in a public-to-private service concession arrangement for its entire useful life.

These arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the Company receives a right (a license) to charge users of the public service. The financial asset model is used when the Company has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Company performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The intangible assets is measured at the fair value of consideration transferred to acquire asset, which is the fair value of consideration received or receivable for the construction services delivered.

Intangible assets model

Intangible assets arising out of service concession arrangements are accounted for as intangible assets where the Company has a contractual right to charge users of service when the projects are completed. Apart from above per the service concession agreement the Company is obligated to pay the amount of premium to National Highways Authority of India (NHAI). This premium obligation if any is treated as Intangible asset as it is paid towards getting the right to earn revenue by constructing and operating the roads during the concession period.

Hence, the total premium payable to the Grantor as per the Service Concession Agreement is also recognized as an 'Intangible Assets' and the corresponding obligation for committed premium is recognized as premium obligation.

The intangible assets is measured at the fair value of consideration transferred to acquire asset, which is the fair value of consideration received or receivable for the construction services delivered.

Amortization of concession intangible assets

The Intangible asset recognized are amortised over the concession period on the basis of projected toll revenue which reflects the pattern in which the assets economic benefits are consumed. The projected total toll revenue is based on the independent traffic volume projections; Amortization is revised in case of any material change in the expected pattern of economic benefits. Refer note 22 for description and significant terms of the concession agreements.

Maintenance obligations

Contractual obligations to maintain, replace or restore the infrastructure (principally resurfacing costs and major repairs and unscheduled maintenance which are required to maintain the Infrastructure asset in operational condition except for any enhancement element) are recognized and measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date for which next resurfacing would be required as per the concession arrangement. The provision is discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.6 **Taxes**

Current Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized outside the Statement of Profit and Loss is recognized outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum Alternate Tax ('MAT') under the provisions of Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and
b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities and assets are recognized for all taxable temporary differences

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside the Statement of Profit and Loss is recognized outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.7 **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.8 **Leases**

Operating lease payments are recognized as an operating expense in the income statement on a straight line basis over the lease term.

3.9 **Contingent liabilities and contingent Assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The contingent liability is not recognised in the books of accounts but its existence is disclosed in the Financial Statements. A Contingent asset is not recognized in financial statements, however, the same are disclosed where an inflow of economic benefit is probable.

3.10 **Impairment of non-financial assets**

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.11 **Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that 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. When the Company expects some or all of a provision to be reimbursed the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.12 **Employee benefits**

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Leave obligations

The Company provides sick leave and privilege leave to its employees.

Privilege and sick leave obligation is provided based on actuarial valuation which takes into account the estimated portion of leave that will be en-cashed, availed and the portion that will lapse. The portion that is expected to be en-cashed is provided for based on the basic salary of the employee and for the portion that is expected to be availed, the valuations are based on the employees' total compensation. The liability for earned leave is also classified as current where it is expected to be availed/ en-cashed during the next 12 months. The remaining portion is classified as non-current. The amounts of current and non-current liability are based on actuarial estimates.

(iii) Post - employment obligations

The Company operates various post-employment schemes, including
(a) defined benefit plans such as gratuity
(b) defined contribution plans such as provident fund.

Gratuity Obligations

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Defined Contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.13 **Cash and cash equivalents**

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

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

3.14 **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, net of directly attributable transaction cost to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in following categories;
- at amortised cost
- at fair value through profit or loss (FVTPL)
- at fair value through other comprehensive income (FVTOCI)

Financial Assets at amortised cost

Financial assets are measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. All the Loans and other receivables under financial assets (except Investments) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to loans and other receivables.

Financial Assets at Fair Value through Statement of Profit and Loss/Other Comprehensive Income

All investments in scope of Ind AS 109 are measured at fair value. The Company has investment in mutual funds which are held for trading, are classified as at FVTPL. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from Other Comprehensive Income (OCI) to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of the Company's similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has three types of financial assets subject to Ind AS 109’s expected credit loss model:

- Loans receivables measured at amortised cost
- Retentions receivable from NHAI
- Loans given to employees

The impairment methodology for each class of financial assets stated above is as follows:

Loans receivables measured at amortised cost: Loans receivables at amortised cost are generally short term in nature considered to be low risk, and thus the impairment provision is determined as 12 months expected credit losses.

Loans given to employees: For loans given to employees outstanding as on the reporting dates, the has determined reliably that assessing the probability of default at the initial recognition of each and every loan or receivable would result in undue cost and effort. As permitted by Ind AS 109, the credit provision will be determined based on whether credit risk is low only at each reporting date, until the loan is derecognized. Using the impairment methodology the Company has assessed that no loan loss allowance needs to be recorded in the books of accounts.

Expected credit loss ('ECL') impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss (P&L). This amount is reflected under the head ‘other expenses’ in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortized cost and other contractual revenue receivables - ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through Statement of Profit and Loss, loans and borrowings, trade payables or other payables.

All financial liabilities are recognized initially at fair value.

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

Subsequent measurement

Financial liabilities at amortized cost: After initial measurement, such financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit and Loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. However, the Company has borrowings at floating rates. The impact of restatement of effective interest rate, year on year due to reset of interest rate, is not material. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the transaction cost amortization process.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

Retention money payable

This is the category most relevant to the Company. Retention moneys are measured at Fair value initially. Subsequently, they are measured at amortised cost using the EIR (Effective interest rate) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.15 **Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Chief operating decision maker’s function is to allocate the resources of the entity and access the performance of the operating segment of the entity.

The Board assesses the financial performance and position of the Company and makes strategic decisions. It is identified as being the chief operating decision maker for the company.

3.16 **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed below.

(i) Applicability of service concession arrangement accounting to toll roads concessionaire arrangements

The Company has determined that Appendix C of Ind AS 115 ‘Service concession arrangements’ is applicable to the Company which provides on accounting by the operators for public-to-private service concession arrangements. The Company has entered into concession arrangement with NHAI as per which the Company would participate in the Design, Build, Finance, Operate and Transfer (DBFOT) basis the toll roads infrastructure. After the end of the concession arrangement, the Company has to transfer the infrastructure i.e. toll roads constructed to National Highway Authorities of India (NHAI).

Accordingly the Company has recognized the intangible assets recognized as per the accounting policy mentioned in Note no 3.5 ‘Accounting of intangible assets under service concessionaire arrangement’.

(ii) Income taxes

The Company has recognized deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences relating to the same taxation authority against which the unused tax losses can be utilized. However, the utilization of tax losses also depends on the ability of the Company to satisfy certain tests at the time the losses are recouped. Management has forecasted future taxable profits and has therefore recognized deferred tax assets in relation to tax losses.

(iii) Amortization of concession intangible assets

The Intangible asset recognized are amortised over the concession period on the basis of projected toll revenue which reflects the pattern in which the assets economic benefits are consumed. The projected total toll revenue is based on the independent traffic volume projections; Amortization is revised in case of any material change in the expected pattern of economic benefits.

(iv)Provision for resurfacing obligation (major maintenance expenditure)

The Company records the resurfacing obligation for its present obligation as per the concession arrangement to maintain the toll roads at every five years during the concession period. The provision is included in the Financial Statements at the present value of the expected future payments. The calculations to discount these amounts to their present value are based on the estimated timing of expenditure occurring on the roads.

The discount rate used to value the resurfacing provision at its present value is determined through reference to the nature of provision and risk associated with the expenditure.

3.17 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

HK TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2020

Note 4 - Intangible assets (including intangible assets under development) ` Millions

Particulars	Intangible Assets		Intangible assets under development
	Toll Collection Right	NHAI Premium	
	206000	207030	207070
Year ended March 2019			
Opening gross carrying amount	11,439.58	8,254.10	8.57
Additions	-	-	-
Capitalised/ Adjusted/Disposal	-	-	-
Closing gross carrying amount	11,439.58	8,254.10	8.57
		3,58,000.00	
Accumulated amortization and impairment			
Opening accumulated amortization and impairment	558.29	627.72	-
amortization charge for the year	212.15	149.93	-
Capitalised			
Closing accumulated amortization and impairment	**770.44**	**777.65**	**-**
Net carrying amount as at March 31, 2019	10,669.14	7,476.45	8.57
Year ended March 31, 2020			
Opening gross carrying amount	11,439.58	8,254.10	8.57
Additions	0.00	-	0.00
Capitalised/ Adjusted/Disposal		-	
Closing gross carrying amount	11,439.58	8,254.10	8.57
Accumulated amortization and impairment			
Opening accumulated amortization and impairment	770.44	777.65	-
amortization charge for the year	220.61	156.57	
Capitalised			
Closing accumulated amortization and impairment	**991.06**	**934.22**	**-**
Net carrying amount as at March 31, 2020	10,448.53	7,319.88	8.57

HK TOLL ROAD PRIVATE LIMITED
Notes to the Financial Statements as of and for the year ended March 31, 2020

Note 5 - Financial Assets - Current

Particulars	As at March 31, 2020	As at March 31, 2019
Note 5 (a) - Cash and Cash equivalents		
Cash and cash equivalents		
Balances with banks		
- in current accounts	80.25	30.34
Deposits with maturity of less than three months	113.51	10.46
Cash on hand	0.30	6.70
	194.06	**47.50**
Note 5 (b) - Loans		
Unsecured, considered good		
Loans to Directors		
Loans Receivable - Considered good - Secured		
Loans Receivable - Considered good - Unsecured	-	0.23
Loans Receivable which have significant increase in Credit Risk		
Loans Receivable - Credit Impaired		
	-	0.23
Note 5 (c) - Loans Receivable - Non Current		
Loans to Directors		
Loans Receivable - Considered good - Secured	-	-
Loans Receivable - Considered good - Unsecured		5.24
Loans Receivable which have significant increase in Credit Risk	-	-
Loans Receivable - Credit Impaired	-	-
	-	5.24
Note 5 (d) - Other financial assets - current		
Retention money receivable from NHAI	1.12	1.12
Others	2.06	8.70
Claims Receivable From NHAI	7.81	11.66
	10.99	**21.48**
Note 6 - Other current assets		
Advance to vendors	0.58	1.56
Advance to employees	0.01	-
Prepaid Expenses	0.14	0.13
Duties and taxes receivable	3.66	3.56
	4.39	**5.25**

Note 7 - Share Capital and Other equity

Note 7a - Authorised Share Capital

Particulars	Nos of Shares	As at March 31, 2020	As at March 31, 2019
At the beginning of the year	50,00,000	50.00	50.00
Add : Increase during the year	of `10 each	-	-
At the end of the year		50.00	50.00

Note 7b - Issued, subscribed and paid-up equity share capital

At the beginning of the year	37,11,000	37.11	37.11
Add : Shares issued during the year	of `10 each	-	-
At the end of the year		37.11	37.11

Note 7c - Terms and rights attached to equity shares

The Company has only one class of shares referred to as Equity Shares having a Par Value of Rs.10/-. Each holder of the share is entitled to one vote per share in the event of liquidation.

Note 7d - Reconciliation of nos of Shares

Nos of Shares at the beginning of the year	37,11,000	37,11,000
Add : Nos of Shares issued during the year	-	-
Nos of Shares at the end of the year	37,11,000	37,11,000

Note 7e - Shares held by holding Company or their subsidiaries/associates

Reliance Infrastructure Limited (Holding Company)	37,11,000	37,11,000

Note 7f - Details of Shareholders holding more than 5% shares in the Company

Reliance Infrastructure Limited		
Nos of Shares	37,11,000	37,11,000
% of holding	100%	100%

The Holding Company has pledged 11,13,300 Equity Shares (Previous Year 11,13,300 Equity Shares) of the Company for availing various term loans.

Note 8a - Sub-ordinated debt (in nature of equity)

At the beginning of the year	3,022.60	3,022.60
Increase / (decrease) during the year	-	-
At the end of the year	3,022.60	3,022.60

Terms and rights attached to Sub-ordinated debts infused by Holding Company alongwith its Subsidiaries

i) Subordinated debt is the part of Holding Companys Equity from the promoters of the Companys for the project, which is unsecured and interest free as per Common Loan Agreement with the lenders;

ii) No repayment/redemption/interest servicing allowed during the moratorium period of the long term project loan.

Note 8b - Corporate Guarantee (in nature of equity)

At the beginning of the year/ half year	2.30	2.30
Increase / (decrease) during the year/ half year	-	-
At the end of the year/ half year	2.30	2.30

HK TOLL ROAD PRIVATE LIMITED
Notes to the Financial Statements as of and for the year ended March 31, 2020

Note 8c - Retained Earnings

	As at March 31, 2020	As at March 31, 2019
At the beginning of the year	(937.09)	(367.34)
Net Profit for the year	(571.39)	(568.38)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasuremens of post-employements obligations (net of tax)	2.51	(1.37)
At the end of the year	(1,505.97)	(937.09)

Note 8d - Securities Premium Account

	As at March 31, 2020	As at March 31, 2019
At the beginning of the year	333.09	333.09
Premium on shares issued during the year	-	-
At the end of the year	333.09	333.09

Nature and purpose of securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the act.

HK TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2020

Financial Liabilities

Note 9 - Borrowings - Non current

` Millions

Particulars	As at March 31, 2020	As at March 31, 2019
From banks		
- Rupee term loan	5,318.43	5,373.02
Total	**5,318.43**	**5,373.02**

Secured by:

a) First mortgage and charge of all immovable properties, present

b) First charge by way of hypothecation of all movable assets, both present and future, save and except the project Assets.

c) First charge on all intangible assets save and except Project assets.

d) First Charge on receivables, book debts, cash and cash equivalents including any other bank accounts and other assets, present and future.

e) First Charge on government approvals, insurance policies, uncalled capital, project documents, guarantees, letter of credit, performance warranties, indemnities and securities given to the Company.

Repayment Terms for Term loans :-

Maturity Profile of Secured Term Loan (Principal undiscounted) are as under : ` Millions

Financial Year	Amount
2020-21	55.50
2021-22	305.25
2022-23	832.50
2023-24	1248.75
2024-25	1526.25
2025-26	1410.33
Total	**5378.58**

Note 10 - Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payables - Micro & Small Enterprise	-	-
Trade Payables - Other than Micro & Small Enterprise	35.64	123.52
	35.64	**123.52**

(a) Dues to Micro and Small Enterprises

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the company. There are no overdue principal amounts/interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous years.

Note 11 (a) - Other financial liabilities - current

Particulars	As at March 31, 2020	As at March 31, 2019
Current Maturities of long term debt	55.50	55.50
NHAI Premium Payable	374.25	399.21
Security Deposits	-	1.41
Interest Accrued but not due	52.55	-
Creditors for Capital expenditure	35.12	35.12
Employee benfits payable	4.12	12.79
Retention Money Payable	11.81	11.10
Total	**533.35**	**515.13**

Note 11 (b) - Other financial liabilities - Non - current

	As at March 31, 2020	As at March 31, 2019
Non - Current		
NHAI Premium Payable	10,699.24	10,126.06
Retention money payable	-	-
Total	**10,699.24**	**10,126.06**

Note 12 (a) - Provisions - Current

Current		
Provision for employee benefits		
- Leave encashment	0.08	0.75
	0.08	**0.75**

Note 12 (b) - Provisions - Non - Current

Provision for employee benefits		
- Gratuity	-	2.28
- Leave encashment	0.28	5.08
Others		
- Resurfacing expenses	245.63	164.50
	245.91	**171.86**

Movement in Provisions

Resurfacing provisions		
At the beginning of the year	164.50	254.24
Charged / (credited) to profit or loss		
Provision made during the year	61.39	54.82
unwinding of discount	19.73	11.75
Excess provision for MMR written back	-	156.31
At the end of the year	245.63	164.50

Resurfacing provisions - significant estimates

As per the service concession arrangement with NHAI, the Company Group is obligated to carry out resurfacing of the roads under concession. The Company Group estimates the likely provision required towards resurfacing and accrues the costs on a straight line basis over the period at the end of the which resurfacing would be required, in the Statement of Profit and Loss in accordance with Ind AS 37 ' Provisions, Contingent Liabilities and Contingent Assets.

Note 13 - Other current liabilities

Advances from Customers	11.82	-
Duties and taxes payable	1.83	2.76
	13.65	**2.76**

HK TOLL ROAD PRIVATE LIMITED
Notes to the Financial Statements as of and for the year ended March 31, 2020

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Note 14 - Revenue		
Operating income		
- Income from toll collections	1,657.00	1,611.16
Other Operating income	6.00	(1.22)
	1,663.00	**1,609.94**
Note 15 - Other income		
Profit/Loss on redemption of mutual fund	0.62	1.65
Interest income		
- On fixed deposits	1.54	0.04
- Others	0.18	0.24
Excess provision for MMR written back	-	156.31
	2.34	**158.24**
Note 16 - Toll Operation and Maintainence expenses		
Subcontracting expenses	36.73	38.99
Maintainence of Roads	113.32	91.11
Electricity expenses	10.05	15.72
Handling Charges	0.51	1.20
Site and other direct expenses	1.30	9.73
	161.91	**156.75**
Note 17 - Employee benefits expenses		
Salaries wages and bonus	21.88	22.43
Contribution to provident funds and other funds	1.50	0.77
Gratuity	0.94	2.05
Leave encashment	- 3.18	4.94
Staff welfare expenses	0.61	0.33
	21.75	**30.52**
Note 18 - Finance Costs		
Interest on loan	624.67	618.35
Interest unwinding on premium deferment	1,098.01	1,081.22
Unwinding of discount on provisions	19.73	11.75
Other finance charges	114.87	107.15
	1,857.29	**1,818.47**
Note 19 - Other expenses		
Rent	-	0.10
Rates & taxes	0.02	0.02
Insurance	3.78	2.69
Legal and Professional Charges	8.98	10.41
Expenditure toward Corporate Social responsibility	0.01	-
Auditors Remuneration	0.26	0.39
Travelling and Conveyance	1.04	0.48
Other miscellaneous expenses	1.21	1.13
	15.30	**15.22**

HK TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2020

Note 20 - Fair value measurements

Signficance of financial instruments

Classification of financial instruments

` Millions

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
At amortised Cost		
Loans	-	5.47
Insurance Claim receivables	2.06	8.70
Retention Money receivable from NHAI	1.12	1.12
Cash and Cash equivalent	194.06	47.50
Claims Receivable From NHAI	7.81	11.66
Total financial assets	**205.05**	**74.44**
Financial liabilities		
At amortised Cost		
Floating Rate Borrowings	5373.93	5428.52
Trade Payables	35.64	123.52
Retention money payable	11.81	11.10
NHAI Premium Payable	11,073.49	10,525.26
Security Deposits	-	1.41
Interest accrued but not due	52.55	-
Employee Benefits Payable	4.12	12.79
Creditors for capital expenditure	35.12	35.12
Total financial liabilities	**16586.65**	**16137.73**

Note 21 - Fair value Hierarchy

` Millions

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Fair value hierarchy - Assets and liabilities which are measured at amortised cost for which fair values are disclosed		
Financial liabilities		
Level 3		
Floating Rate Borrowings	5373.93	5428.52
Retention money payable	11.81	11.10
NHAI Premium Payable	11,073.49	10,525.26
Total financial liabilities	**16459.23**	**15964.89**

Recognised fair value measurements

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for borrowings, debentures, Rerention money payable and hedging derivative included in level 3

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(b) Fair value of financial assets and liabilities measured at amortised cost

` Millions

Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities		
Carrying value of financial liabilities at amortised cost		
Floating rate borrowigns	5,373.93	5,428.52
Retention money	11.81	11.10
NHAI Premium Payable	11,073.49	10,525.26
	16,459.23	**15,964.89**
Fair value of financial liabilities carried at amortised cost		
Floating rate borrowigns	5,373.93	5,428.52
Retention money	11.81	11.10
NHAI Premium Payable	11,073.49	10,525.26
	16,459.23	**15,964.89**

The carrying value amounts of fixed deposits, interest accrued on depoists, retention money receivable, insurance claim receivable, cash and cash equivalents, trade payables, interest accrued, employee benefits payable and creditors for capital expenditure approximate their fair value due to their short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

HK TOLL ROAD PRIVATE LIMITED
Notes to the Financial Statements as of and for the year ended March 31, 2020

Note 22- Concession arrangements - Main features

₹ Millions

Name of entity	Description of the arrangement	Significant terms of the arrangement	Intangible Assets	
			Gross book value	**Net book value**
HK Toll Road Private Limited	Financing, design, building and operation of 60 kilometre long six lane toll road between Hosur and Krishnagiri on National Highway 7	Period of concession: 2011 - 2035 Remuneration : Toll Investment grant from concession grantor : Nil Infrastructure return at the end of concession period : Yes Investment and renewal obligations : Nil Re-pricing dates : Yearly Basis upon which re-pricing or re-negotiation is determined : Inflation Premium payable to grantor : Yes	**March 31, 2020** 19,702.25 **March 31, 2019** 19,702.25	**March 31, 2020** 17,776.98 **March 31, 2019** 18,154.16

Note 23 – Financial risk management

The Company activities exposes it to market risk, liquidity risk and credit risk.
This note explains the source of risk which the entity is exposed to and how the entity is manage the risk

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Market risk — interest rate	Long-term borrowings at variable	Sensitivity analysis	Actively Managed
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Company`s risk management is carried out by a project finance team and central treasury team (group treasury) under policies approved by board of directors. Group treasury identifies, evaluates and hedges financial risk in close co-operation with the group`s operating units. The Management of the Company provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk and credit risk, use of derivative financial instrument and non-derivative financial instrument, and investments of excess liquidity.

Commodity risk:

The Company requires for implementation (construction, operation and maintenance) of the projects, such as cement, bitumen, steel and other construction materials. For which, the Company entered into fixed price contract with the EPC contractor and O&M Contractor so as to manage our exposure to price increases in raw materials. Hence, the sensitivity analysis is not required

Market risk — interest rate risk

The Bank loans follows floating rates with resets defined under agreements. While interest rate fluctuations carry a risk on financials, the Company earn toll income which is linked to WPI thus providing a natural hedge to the interest rate risk.

a) Interest rate risk exposure

₹ Millions

Particulars	As at March 31, 2020	As at March 31, 2019
Variable Rate Borrowings	5,373.93	5,428.52
Total	**5,373.93**	**5,428.52**

b) Sensitivity analysis

Profit or loss is sensitive to higher/lower interest expenses from borrowings as a result of changes in interest rates.

Impact on profit/loss after tax

Interest rates (increase) by 100 basis points	(45.36)	(42.89)
Interest rates decrease by 100 basis points	45.36	42.89

Liquidity risk - Table

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including debt from banks at an optimized cost. The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 to

The table below analyses the group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

₹ Millions

As at March 31, 2020	Upto 1 Year	More than 1 Year	Total
Non-derivatives			
Borrowings	55.50	5,323.08	5,378.58
Trade and other payables	35.64	-	35.64
Other financial liabilities	11,177.08	-	11,177.08
Total non-derivatives	**11,268.22**	**5,323.08**	**16,591.31**

As at March 31, 2019	Upto 1 Year	More than 1 Year	Total
Non-derivatives			
Borrowings	55.50	5,378.58	5,434.08
Trade and other payables	123.52	-	123.52
Other financial liabilities	10,585.69	-	10,585.69
Total non-derivatives	**10,764.70**	**5,378.58**	**16,143.29**

Note 24 - Capital risk management

The Company objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Company capital management, capital includes issued equity capital, share premium, sub-debts and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue interest free sub-ordinate debt. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company policy is to keep optimum gearing ratio. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

In order to achieve this overall objective, the Company capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No changes were made in the objectives, policies or processes for managing capital for half year ended March 31, 2020 and March 31, 2019.

Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio:

Net debt including total borrowings (net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

The Company strategy is to maintain a debt to equity ratio within 2 to 3.The gearing ratios at March 31, 2020 and March 31, 2019 were as follows:

₹ Millions

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Net debt (a)	5,179.86	5,381.02
Equity (b)	1,889.13	2,458.01
Net debt to equity ratio (a) / (b)	2.74	2.19

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Net debt (a)	5,179.86	5,381.02
Equity (b)	1,889.13	2,458.01
Nebt debt plus Equity (c = a+b)	7,068.99	7,839.03
Gearing ratio (a) / c	0.73	0.69

HK TOLL ROAD PRIVATE LIMITED
Notes to the Financial Statements as of and for the year ended March 31, 2020

Note - 25 Earning per share

₹ Millions

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Profit / Loss attributable to equity shareholders (Rs Millions) (A)	(571.39)	(568.38)
Weighted average number of equity shares for basic and diluted earnings per share (B)	37,11,000	37,11,000
Earnings / (Loss) per share (Basic and diluted) (Rupees) (A/B)	**(153.97)**	**(153.16)**
Nominal value of equity shares (Rupees)	10.00	10.00

Note 26 - Related Party Transactions

As per accounting standard Ind AS 23 as prescribed under the Companies (Accounting Standard) Rules, 2015, the related parties and transactions are disclosed below :

(i) Holding Company
Reliance Infrastructure Limited

(ii) Key Management Personnel

Shri Kaushik Pal - Director upto June 20, 2019
Shri Debasis Mohanty - Director upto December 31, 2019
Shri Madan Biyani - Director upto March 05, 2020
Shri Rajesh Das - Additional Director (w.e.f. March 05, 2020)
Shri Sameer Singh - Additional Director (w.e.f. December 12, 2019)

(iii) Person having singificant influence on the Holding Company
Shri Anil .D. Ambani

Details of transactions and closing balance

₹ Millions

Particulars	**March 31, 2020**	**March 31, 2019**
Transactions during the year :		
Toll operation and maintainence expenses (including project execution support services)		
R Infra	0.18	8.23
Reimbursement of expenditure paid by		
R Infra	0.18	0.17
Transaction with key management personnel		
Compensation of key management personnel	18.46	4.58
Loan given to key management personnel	-	5.50
Income on Loan given to key management personnel	0.18	0.07
Payment received against Loan given to key management personnel	5.47	0.04
Balances at the year end		
Trade Payable		
R Infra	24.13	29.50
Sub-debts (in nature of equity)		
R Infra	3,022.60	3,022.60
Equity share capital (excluding premium)		
R Infra	37.11	37.11
Loan given		
Key management personnel	-	5.47

HK TOLL ROAD PRIVATE LIMITED
Notes to the Financial Statements as of and for the year ended March 31, 2020

Note 27 - Gratuity and other post-employment benefit plans ₹ Millions

a) Defined contribution plan

The following amount recognized as an expense in Statement of profit and loss on account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities.

	As at March 31, 2020	As at March 31, 2019
Contribution to provident fund and other funds	1.29	0.54
Total	**1.29**	**0.54**

a) Defined benefit plan

The Company Group has a defined benefit plan (Gratuity) for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service as per the provision of the Payment of Gratuity Act, 1972 with total ceiling on gratuity of Rs.1,000,000/-. The said gratuity plan is funded.

The following tables summaries the The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Opening defined benefit liability / (assets)	5.48	1.08
Net employee benefit expense recognised in the employee cost		
Current service cost	0.77	0.37
Interest cost on benefit obligation	0.41	0.08
Net benefit expense	1.18	0.46
Amount recorded in Other Comprehensive Income (OCI)		
Measurement during the period due to :		
Actuarial loss / (gain) arising from change in financial assumptions	(0.03)	(1.64)
Actuarial loss / (gain) arising on account of demographic assumptions	0.10	(0.97)
Experience (gains)/losses	(3.46)	6.86
Amount recognized in OCI	(3.39)	4.25
Benefits payments from plan	-	(0.31)
Closing net defined benefit liability / (asset)	3.28	5.48
Opening fair value of plan assets	3.21	2.98
Net employee benefit expense recognised in the employee cost		
Interest cost / (income) on plan asset	0.24	0.23
Net benefit expense	0.24	0.23
Amount recorded in Other Comprehensive Income (OCI)		
Measurement during the period due to :		
Return on plan assets, excluding amounts included in interest expense/(income)	0.01	(0.00)
Amount recognized in OCI	0.01	(0.00)
Employer contributions/premiums paid	-	0.31
Benefits Paid	-	(0.31)
Closing fair value of plan assets	3.46	3.21

HK TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2020

Particulars	As at March 31, 2020	As at March 31, 2019
The net (liability)/asset disclosed above relates to funded plan is as follows:		
Present value of funded obligations	3.28	5.48
Fair value of plan assets	3.46	3.21
Amount not recognised as an asset (asset ceiling)	0.00	0.00
	(0.18)	2.28
Net liability is bifurcated as follows :		
Current	-	-
Non-current	(0.18)	2.28
Total	**(0.18)**	**2.28**
Discount rate	5.76%	7.50%
Expected rate of return on plan assets (p.a.)		
Salary escalation rate (p.a.)	3.00%	5.00%
Mortality pre-retirement	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
A quantitative analysis for significant assumption is as shown below:		
Assumptions -Discount rate		
Sensitivity Level	100 bp	50 bp
Impact on defined benefit obligation -in % increase	-3.03%	-3.00%
Impact on defined benefit obligation -in % decrease	3.26%	3.15%
Assumptions -Future salary increases		
Sensitivity Level	100 bp	50 bp
Impact on defined benefit obligation -in % increase	3.32%	2.75%
Impact on defined benefit obligation -in % decrease	-3.14%	-2.65%

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

Within the next 12 months (next annual reporting period)	0.65	0.42
Between 2 and 5 years	1.98	2.72
Between 6 and 10 years	1.01	2.98
For and Beyond 11 years	0.40	3.26
Total expected payments	**4.04**	**9.39**
The average duration of the defined benefit plan obligation at the end of the reporting period	4 years	6.15 years
Plan Assets Composition		
Non Quoted		
Insurer Managed Funds	3.46	3.21
	3.46	**3.21**

A reconciliation of the asset ceiling during the inter-valuation period is given below:

Opening value of asset ceiling	0.00	0.43
Add : Interest on opening balance on asset ceiling	-	0.03
Remeasurement due to :		
Changes in surplus/deficiet	-	(0.46)
closing value of asset ceiling	**0.00**	**0.00**

HK TOLL ROAD PRIVATE LIMITED
Notes to the Financial Statements as of and for the year ended March 31, 2020

Note 28 - Income Tax Expenses

The balance comprises temporary differences attributable to :

₹ Millions

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Income tax expense		
Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
Total current tax expense	-	-
Deferred tax		
Decrease/(increase) in deferred tax assets	(212.17)	851.39
(Decrease)/increase in deferred tax liabilities	16.36	(898.36)
Total deferred tax expense/(benefit)	(195.81)	(46.96)
Income tax expense	(195.81)	(46.96)

Income tax expense is attributable to:

Profit as per Ind AS from continuing operations before income tax expense	(768.09)	(614.86)
Income Tax as per effective Tax Rate of 26%	(199.70)	(159.86)
Tax Effect of Permanent timing differences	3.89	112.90
Recognition of Tax Losses		
Current tax on Profit for Year		
Prior Year Tax Adjustment		
Total Tax Expense	(195.81)	(46.96)

Note 29 - Deferred tax (liability) / Asset

₹ Millions

The balance comprises temporary differences attributable to :

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
Deferred tax liability on account of:			
Intangible assets		2,836.89	2,820.30
Borrowings		1.21	1.45
Other			
Deferred tax asset on account of:			
Unused tax losses carried forward		1,083.61	920.97
NHAI Premium payable		2,407.47	2,378.99
MMR Provision/ Retention Money		63.86	42.77
Retirement benefit obligation		-	0.59
Other items			
Net deferred tax (liability)/asset		**716.84**	**521.58**

Movement in deferred tax liability / asset

₹ Millions

Particulars	Unused Tax Losses	NHAI Premium Payable	MMR Provision/ Retention Money	Intangible assets	Borrowings	Others	Total
As at April 01, 2018	1,012.78	3,138.39	86.67	(3,759.75)	(2.32)	(1.20)	474.57
Charged/(credited) during the year							
to profit or loss	(91.81)	(759.40)	(43.89)	939.45	0.87	1.31	46.52
to other comprehensive income	-	-	-	-	-	0.48	0.48
As at March 31, 2019	**920.97**	**2,378.99**	**42.78**	**(2,820.30)**	**(1.45)**	**0.59**	**521.57**
As at April 01, 2019	920.97	2,378.99	42.78	(2,820.30)	(1.45)	0.59	521.57
Charged/(credited) during the quarter							
to profit or loss	163.19	28.48	21.09	(16.59)	0.24	0.29	196.69
to other comprehensive income	-	-	-	-	-	(0.88)	(0.88)
As at March 31, 2020	**1,083.61**	**2,407.47**	**63.87**	**(2,836.89)**	**(1.21)**	**(0.00)**	**716.84**

HK TOLL ROAD PRIVATE LIMITED
Notes to the Financial Statements as of and for the year ended March 31, 2020

Note 30 - Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are: ₹ Millions

Particulars	March 31, 2020	March 31, 2019
Current		
Financial assets		
First charge		
Cash and cash equivalents	194.06	47.50
Other Financial Assets	10.99	21.48
Non-financial assets		
First charge		
Other Current Assets	36.55	20.92
Total current assets pledged as security	**241.60**	**89.90**
Non-current		
First charge		
Intangible Asset	17768.41	18,145.59
Intangible Asset Under Development	8.57	8.57
Other non current assets	0.00	0.00
Total non-current assets pledged as security	**17,776.98**	**18,154.16**
Total assets pledged as security	**18,018.58**	**18,244.06**

Note 31 - Auditor Remuneration

Particulars	March 31, 2020	March 31, 2019
Audit Fees	0.26	0.24
Certification Fees	0.00	0.13
	0.26	**0.37**

Note 32 – Demonetisation

Consequent upon the de-monetisation of currency notes by the Central Government, toll collection had been suspended from November 9, 2016 to December 2, 2016 for which the SPV Group has raised claims on NHAI for reimbursement of the expenses incurred during this period as per the provisions of the Concession Agreement entered into between the company and NHAI read along with NHAI circular dated November 29, 2016 and December 6, 2016 in this regard. Amount of ₹54.82 millions claimed, being contractually enforceable and certain of recovery has been recognised as other operating income. As at March 31, 2018, excess claim written back of ₹ 3.9 millions against operating income and balance ₹4 .77 millions received during the year.

Note 33 – COVID 19

The outbreak of COVID-19 globally and in India, the Company is sensitive about the impact of the Pandemic, not only on the human life but on businesses and industrial activity across the globe, which will be realized and ascertained only over next few months. The Company has been monitoring the situation closely and has taken proactive measures to comply with various directions / regulations / guidelines issued by Government and local bodies to ensure safety of workforce across all its sites and offices. The Company has made initial assessment of the likely adverse impact on economic environment in general and operational and financial risks on account of COVID-19.

The toll collection was stopped vide notification of NHAI with effect from March 25, 2020 and it was resumed in April 20, 2020. Thus the financial impact on the current financial year is non significant. The company feels the impact, though short term, will be in next financial year and company is taking adequate steps to mitigate any risks.

Further, the Reserve Bank of India has granted relief to borrowers by way of moratorium of interest and principal installments falling due to Indian banks and financial institutions till May 2020.

HK TOLL ROAD PRIVATE LIMITED
Notes to the Financial Statements as of and for the year ended March 31, 2020

Note 34 – Events after reporting period

There are no subsequent event after the reporting period which required adjustments to the Financial Statements.

For S K Patodia & Associates
Chartered Accountants
Firm Registration No. 112723W

Dhiraj Lalpuria
Partner
Membership No. : 146268

Date: May 08, 2020
Place: Mumbai

For and on behalf of the Board

Rajesh Das	**Sameer Singh**
Additional Director	Additional Director
DIN:08717511	DIN:08634767

Date: May 08, 2020
Place: Mumbai