

Independent Auditors' Report

To the Members of NK Toll Road Limited

Report on the Financial Statements

Opinion

We have audited the Financial Statements of **NK Toll Road Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, 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 financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 financial statements under the provisions of the Act and the Rules thereunder, 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.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 Financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets

of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial statements, management is 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 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 financial statements, including the disclosures, and whether the 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.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid Financial statements comply with the Indian Accounting Standards prescribed 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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**";
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to any of its directors during the year. Hence, the requirement of the Company for compliance under this section is not applicable.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its Financial statements. - Refer Note 27 on Contingent Liabilities to the Financial statements;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For Chaturvedi & Shah LLP

Chartered Accountants

Firm Registration No. 101720W/ W100355

Lalit R. Mhalsekar

Partner

Membership No. 103418

Place : Mumbai

Date : May 17,2019

Annexure A to Auditors' Report

Referred to in our Auditors' Report of even date to the members of NK Toll Road Limited on the financial statements for the year ended March 31, 2019

- (i) (a) The Company is maintaining proper showing full particulars, including quantitative details and situation of its fixed assets comprising of Intangible Assets.
- (b) As informed to us, the fixed assets included within the intangible assets have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) The title deed of immovable property included within the intangible assets, as disclosed in note no.4 to the financial statements is held in the name of the Company.
- (ii) As explained to us, there is no physical inventory in existence and hence, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loan, secured or unsecured, to any company, firm Limited Liability Partnerships or other parties covered in the register maintained under section 189 of Act. Accordingly, provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186(1) of the Act. Further, as the Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186[except for sub-section(1)] are not applicable to it.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.
- (vi) In our opinion and according to information given to us, no cost records have been prescribed by the Central Government of India under sub-section (1) of Section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues as applicable were outstanding, at the year end, 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, goods and service-tax, customs duty, excise duty as at March 31, 2019 which have not been deposited on account of a dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings from any financial institution, banks, government or debenture holders.

- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and in our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, the Company has not paid/provided any managerial remuneration as on March 31, 2019 and accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable and details of such transactions have been disclosed in the Financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Chaturvedi & Shah& LLP
Chartered Accountants
Firm's Registration No. 101720W/W 100355

Lalit R. Mhalsekar
Partner
Membership No. 103418

Place: Mumbai
Date: May 17, 2019

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

Meaning of Internal Financial Controls with reference to the Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control 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

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with respect to financial statements were operating effectively as at March 31, 2019, based on the internal control 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 Institute of Chartered Accountants of India.

For Chaturvedi & Shah & LLP

Chartered Accountants

Firm Registration No. 101720W/W100355

Lalit R. Mhalsekar

Partner

Membership No. 103418

Place : Mumbai

Date : May 17, 2019

NK Toll Road Limited
Balance Sheet as at March 31, 2019

₹ Millions

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Concession Intangible assets	4	2246.19	2479.52
(b) Financial Assets			
(i) Loans	5f	1.61	1.63
(c) Deferred tax assets (net)	31	65.76	111.43
(d) Other non - current assets	6	0.00	0.30
(e) Advance Tax Assets (Net)		11.83	13.74
Total Non-Current Assets		2325.39	2606.62
Current assets			
(a) Financial Assets			
(i) Investments	5a	48.99	51.45
(ii) Cash and cash equivalents	5b	63.27	10.87
(iii) Bank balances other than (ii) Cash and cash equivalents above	5c	97.31	74.66
(iv) Loans	5d	100.00	195.00
(v) Other financial asset	5e	16.05	27.27
(b) Other current assets	7	1.37	3.21
Total Current Assets		326.99	362.46
Total Assets		2652.38	2969.08
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	8	44.77	44.77
(b) Subordinated debt (in nature of Equity)	9a	1,982.69	1982.69
(c) Other equity	9	(398.03)	(279.67)
Total Equity		1629.43	1747.79
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	10a	681.58	873.25
(b) Provisions	13b	94.16	121.40
Total Non-Current Liabilities		775.74	994.65
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables			
Total outstanding due of micro enterprises & small enterprises	11	-	-
Total outstanding dues of creditors other than micro enterprises & small enterprises		43.31	85.43
(ii) Other financial liabilities	12a	201.60	139.76
(b) Other current liabilities	14	0.85	1.45
(c) Provisions	13a	1.45	-
Total Current Liabilities		247.21	226.64
Total Equity and Liabilities		2652.38	2969.08

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For Chaturvedi & Shah LLP

Chartered Accountants

Firm's Registration No:- 101720W/W100355

For and on behalf on board

Lalit R. Mhalsekar
Partner

Membership No.103418

Place: Mumbai

Date:

17 MAY 2019

Kaushik Pal

Director

DIN: 05237230

Place: Mumbai

Date:

17 MAY 2019

Madan Blyani

Director

DIN:107130371

NK Toll Road Limited
Statement of Profit and Loss for the year ended March 31, 2019

₹ Millions

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from Operations	15	372.46	340.95
Other Income	16	77.56	30.17
Total Income		450.02	371.12
Expenses			
Toll Operation and Maintenance expenses	17	86.89	75.15
Employee benefits expense	18	6.63	-
Finance costs	19	110.94	169.39
Depreciation and amortization expense	4	190.79	141.31
Other expenses	20	127.45	11.15
Total expenses		522.70	397.00
loss before tax		(72.68)	(25.88)
Tax expense			
Deferred tax charge/(credit)		45.67	(12.72)
Loss after tax		(118.35)	(13.16)
Other Comprehensive Income/(Loss)			
- Items that will not be reclassified to profit/loss			
Remeasurements of net defined benefit plans : Gains / (Loss)		-	-
- Income tax relating to above		-	-
Other Comprehensive Income Loss		-	-
Total Comprehensive Income Loss		(118.35)	(13.16)
Earnings/(loss) per equity share (Face value of Rs. 10 per share)			
Basic & Diluted	26	(26.44)	(2.94)

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm's Registration No:- 101720W/W100355

For and on behalf on board

Lalit R. Mhalsekar
Partner
Membership No.103418

Kaushik Pal
Director
DIN: 05237230

Madan Biryani
Director
DIN: 07130371

Place: Mumbai
Date:

17 MAY 2019

Place: Mumbai
Date:

17 MAY 2019

NK Toll Road Limited
Cash flow Statement for the year ended 31st March 2019

Particulars	₹ Millions	
	Year ended March 31, 2019	Year ended March 31, 2018
A CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before tax	(72.68)	(25.88)
Adjustments for:		
Depreciation and amortisation expenses	190.79	141.31
Interest income	(5.90)	(21.05)
Dividend income	(3.00)	(2.42)
Net (gain)/loss on sale of investments	(1.12)	(3.80)
Interest expense	110.94	169.39
Provision for expected credit loss	95.00	-
Provision for Gratuity and Leave encashment	3.25	-
Excess provision written back	(66.43)	-
	250.78	256.94
Cash Generated from Operations before working capital changes		
Adjustments for:		
(Increase)/decrease in financial assets	(3.66)	3.09
(Increase)/decrease in other current assets	1.84	49.50
Increase/(decrease) in trade payables	(42.12)	31.66
Increase/(decrease) in other financial liabilities	1.71	(0.03)
Increase/(decrease) in provisions	30.78	30.53
Increase/(decrease) in other current liabilities	(0.60)	0.95
	(12.05)	115.70
Cash generated from operations	238.73	372.64
Taxes (paid) net of refunds	1.91	(14.69)
Net cash generated from operating activities - [A]	240.64	357.95
B CASH FLOW FROM INVESTING ACTIVITIES:		
(Purchase)/sale proceeds of intangible assets	43.54	(8.66)
Investment/(Redemption) in Fixed deposits with Banks	(22.65)	(18.16)
Sale of current investments (net of proceeds)	3.59	1.53
Dividend Income on current investment	3.00	2.42
Inter corporate deposits given	-	(100.00)
Interest received	20.87	17.12
Net cash (used in) / generated from investing activities - [B]	48.35	(105.75)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Sub-debt	-	1,400.00
Proceeds from commercial paper (short term borrowings)	-	(1,500.00)
Repayment of long term borrowings	(132.00)	(103.20)
Interest paid	(104.59)	(171.41)
Net cash used in financing activities - [C]	(236.59)	(374.61)
Net increase/(decrease) in cash and cash equivalents - [A+B+C]	52.40	(122.40)
Add: Cash and cash equivalents at the beginning of the year	10.87	133.26
Cash and cash equivalents at the end of the year	63.27	10.87
Components of Cash and cash equivalents		
Balances with banks - in Current accounts	61.82	10.09
Cash on hand	1.45	0.78
Total Cash and cash equivalents	63.27	10.87

The balance in current account with banks of Rs. 61.79 million (Rs. 8.78 million) lying in Escrow account with bank held as security against borrowings.

As per our attached report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm's Registration No:- 101720W/W100355

For and on behalf on board

Lalit R. Mhalsekar
Partner
Membership No.103418

Kaushik Pal
Director
DIN: 05237230

~~Madan Biyani~~
Director
DIN: 07130371

Place: Mumbai
Date: 17 MAY 2019

Place: Mumbai
Date: 17 MAY 2019

NK Toll Road Limited

Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

₹ Millions

	Balance at the beginning of the year	Balance at the end of the year	Attributable to owners (A - B)
For the year ended March 31, 2018	44.77	44.77	44.77
For the year ended March 31, 2019	44.77	44.77	44.77

B. OTHER EQUITY

₹ Millions

	Share application money pending allotment	Reserves and Surplus	Total
		Retained Earnings (Note 9a)	
As at April 01, 2017	-	(266.52)	(266.52)
Profit/(loss) for the year		(13.16)	(13.16)
Other comprehensive income/(loss) for the year			
Remeasurement gains/(loss) on defined benefit plans	-	-	-
Total comprehensive income for the year	-	(13.16)	(13.16)
Balance as at March 31, 2018	-	(279.67)	(279.67)
Balance at April 01, 2018	-	(279.67)	(279.67)
Profit/(loss) for the period		(118.35)	(118.35)
Other comprehensive income/(loss) for the period			
Remeasurement gains/(loss) on defined benefit plans	-	-	-
Total comprehensive income for the year	-	(118.35)	(118.35)
Balance as at March 31, 2019	-	(398.03)	(398.03)

As per our attached report of even date

For Chaturvedi & Shah LLP

Chartered Accountants

Firm's Registration. No. 101720W

For and on behalf on board

Lalit R. Mhalsekar

Partner

Membership No.103418

Date :

Place: Mumbai

Kaushik Pal

Director

DIN: 05237230

Date :

Place: Mumbai

Madan Biyani

Director

DIN: 07130371

17 MAY 2019

17 MAY 2019

NK Toll Road Limited

Notes to Financial Statements as of and for the year ended March 31, 2019.

Note 4 - Concession intangible assets (including intangible assets under development)

₹ Millions

Particulars	Toll Collection right (Intangible Assets)	Intangible assets under development
Year ended March 2018		
Opening gross carrying amount	3,179.67	9.05
Additions	9.05	-
Disposals	-	9.05
Closing gross carrying amount	3,188.72	-
Accumulated Amortisation and impairment		
	567.89	-
Opening accumulated Amortisation and impairment	567.89	-
Amortisation charge for the year	141.31	-
Disposals	-	-
Closing accumulated Amortisation and impairment	709.20	-
Net carrying amount as at March 31, 2018	2,479.52	-
Year ended March 2019		
Opening gross carrying amount	3,188.72	-
Additions	-	-
Disposals/Adjustment	(42.54)	-
Closing gross carrying amount	3,146.18	-
Accumulated Amortisation and impairment		
	709.20	-
Opening accumulated Amortisation and impairment	709.20	-
Amortisation charge for the year	201.74	-
Disposals/Adjustment	(10.94)	-
Closing accumulated Amortisation and impairment	899.99	-
Net carrying amount as at March 31, 2019	2,246.19	-

Note :

- (1) The above Intangible Asset are pledged as security with lenders
- (2) Flat at Dahisar west in Mumbai district of Rs 0.93 Million is included in gross block of Intangible assets.

NK Toll Road Limited

Notes to Financial Statements as of and for the year ended March 31, 2019.

₹ Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Note 5 - Financial Assets - Current		
Note 5 (a) - Investments		
Quoted		
Reliance Liquid Fund - Cash Plan- Direct Daily Dividend option*		
31st March 2019 : 43944.856 unit @ Rs. 1114.7194 per unit (face value of Rs. 1000 per unit)	48.99	51.45
	48.99	51.45
* Investments restricted by way of lien		
Aggregate amount of quoted investments	48.99	51.45
*Investments pledged with lenders for DSRA & MMR requirement.		
Note 5 (b) - Cash and Cash equivalents		
Cash and cash equivalents		
Balances with banks		
- in current accounts	61.82	10.09
Cash on hand	1.45	0.78
	63.27	10.87
Note 5 (c) - Bank balances other than cash and cash equivalents*		
Deposits with maturity of more than three months but less than twelve months	97.31	74.66
	97.31	74.66
*Cash balance not available for use:		
Company is required to maintain restricted cash which can only be used as a reserve for servicing the debt under financing arrangements. These restricted cash balances have not been included in the year end cash balances for the purposes of preparation of Cash Flow Statement.		
Cash held on restricted fixed deposits		
Fixed Deposits	97.31	74.66
	97.31	74.66
Note 5 (d) - Loans		
Unsecured, considered good		
Loans		
- Intercorporate deposits to Related Party (Refer note 32)	100.00	195.00
- Others - Considered Doubtful	95.00	-
Less : Provision for expected credit loss	(95.00)	-
	100.00	195.00

NK Toll Road Limited

Notes to Financial Statements as of and for the year ended March 31, 2019.

₹ Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Note 5 (e) - Other financial assets - current		
(Unsecured considered good unless otherwise stated)		
Interest accrued on fixed deposits	3.08	-
Retention money receivable from NHAI	4.16	0.48
Interest Receivables		
Considered good	-	17.98
Considered Doubtful	17.98	-
Less : Provision for expected credit loss	(17.98)	-
Claim receivable from NHAI (Refer note 29)	8.81	8.81
	16.05	27.27
Note 5 (f) - Non Current financial assets		
(Unsecured considered good)		
Loans - Security deposits	1.61	1.63
	1.61	1.63
Note 6 - Other non-current assets		
Prepaid Expenses	-	0.30
	-	0.30
Particulars	As at March 31, 2019	As at March 31, 2018
Note 7 - Other Current assets		
(Unsecured considered good)		
Advance to vendors	0.14	2.14
Prepaid Expenses	0.69	0.52
Duties and taxes receivable	0.54	0.54
	1.37	3.21

NK Toll Road Limited
Notes to Financial Statements as of and for the year ended March 31, 2019.

Particulars	Nos of Shares	₹ Millions	
		As at March 31, 2019	As at March 31, 2018
Note 8 - Share Capital and Other equity			
Note 8a - Authorised Share Capital			
At the beginning of the year	100,000,000	1,000.00	1,000.00
Add : Increase during the year	-	-	-
At the end of the year	100,000,000	1,000.00	1,000.00
Note 8b - Issued, subscribed and paid-up equity share capital			
At the beginning of the year	4,477,000	44.77	44.77
Add : Increase during the year	-	-	-
At the end of the year	4,477,000	44.77	44.77
Note 8c - 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/-. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.			
Note 8d - Reconciliation of nos of Shares			
Nos of Shares at the beginning of the year		4,477,000.00	4,477,000.00
Add : Nos of Shares issued during the year		-	-
Nos of Shares at the end of the year		4,477,000.00	4,477,000.00
Note 8e - Shares held by the holding company or their subsidiaries/associates			
Reliance Infrastructure Limited (Holding Company) & its nominees		4,477,000.00	4,477,000.00
Note 8f - Details of Shareholders holding more than 5% shares			
Reliance Infrastructure Limited			
Nos of Shares		4,477,000.00	4,477,000.00
% of holding		100%	100%
The holding company has pledged 36,26,370 (P.Y 36,26,370) Equity Shares for availing various term loans.			

NK Toll Road Limited
Notes to Financial Statements as of and for the year ended March 31, 2019.

Particulars	₹ Millions	
	As at March 31, 2019	As at March 31, 2018
Note 9a - Sub-ordinated debt (in nature of equity)		
At the beginning of the year	1,982.69	582.69
Increase / (decrease) during the year	-	1,400.00
At the end of the year	<u>1,982.69</u>	<u>1,982.69</u>

Terms and rights attached to Sub-ordinated debts infused by holding company alongwith its Subsidiaries

i) Subordinated debt is the part of holding company Equity from the promoters of the company 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 9b - Retained Earnings

At the beginning of the year	(279.67)	(266.52)
Loss for the year	(118.35)	(13.18)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment obligations (net of tax)	-	-
At the end of the year	<u>(398.03)</u>	<u>(279.67)</u>

Particulars	₹ Millions	
	As at March 31, 2019	As at March 31, 2018
Note 10 (a) - Borrowings - Non current		
<u>Secured</u>		
10.20 % Non Convertible Debentures (Redeemable at Par)	289.86	406.50
<u>Secured Term loans</u>		
Term loans from banks	391.72	466.75
Total	681.58	873.25

1) Secured Term Loan from Banks of Rs. 503.47 million (Principal undiscounted amount) are secured as under:

The Borrowings are secured by the way of terms stated in Common Loan Agreement entered between company and Consortium of lenders:-

- (i) a first ranking pari passu mortgage/charge over all the Borrower's immovable and movable properties, both present and future, except the Project Assets. ;
- (ii) a first ranking pari passu charge on all the Borrower's bank accounts including, but not limited to the Escrow Account/ its Sub-Accounts where all revenues, Disbursements, receivables shall be deposited and in all funds from time to time deposited therein and in all Permitted Investments or other securities representing all amounts credited to the Escrow Account.
- (iii) a first ranking pari passu charge on all movable tangible and intangible assets of the Borrower (other than those specified in paragraphs (ii) above and (iv) below) including but not limited to its goodwill, undertaking and uncalled capital, both present and future, except the Project Assets.;
- (iv) a first ranking pari passu charge over / assignment of the right, title, interests, benefits, claims and demands of the Borrower in, to and under any letter of credit, guarantees (except the guarantees issued in favour of NHA) including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents.
- (v) the applicable interest rate for Rupee Term Loan is 11.25% p.a.

2) 10.20 % Non-Convertible Debentures of Rs. 371.09 million (Principal undiscounted amount) are secured as under::

- (i) Rated Secured, redeemable non-convertible debenture of face value Rs.1,00,000/-
- (ii) The applicable interest rate for non-convertible debenture is 10.20%p.a.

The Borrowings are secured by :

- (iii) mortgage, by way of the first charge on all the Issuer's immovable properties, both present and future, save and except the Project Assets,
- (iv) First charge over on all the Issuer's tangible moveable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future save and except the project assets,
- (v) First charge over on all accounts of the Issuer (excluding the escrow account) that may be opened in accordance with this agreement and the supplementary escrow agreement or any of the other project agreements and all funds from time to time deposited therein, the receivables and all authorised investments or their securities.
- (vi) First charge on all intangible assets including but not limited to goodwill, rights, undertaking and uncalled capital present and future excluding the project assets.
- (vii) First charge on assignment by way of security on all the right, title, interest, benefits, claims and demands whatsoever of the issuer in the project agreements, all Government approvals, any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond, all insurance contracts.

₹ Millions

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

Particulars	₹ Millions	
	Non Convertible Debenture	Loan from Banks
FY 2019-20	81.50	110.50
FY 2020-21	91.65	124.35
FY 2021-22	91.65	124.35
FY 2022-23	106.29	144.27
Total	371.09	503.47

Particulars	₹ Millions	
	As at March 31, 2019	As at March 31, 2018
Note 11 - Trade Payables		
Total outstanding due of micro enterprises & small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises & small enterprises	43.31	85.43
	43.31	85.43

(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 information 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.

Particulars	₹ Millions	
	As at March 31, 2019	As at March 31, 2018
Note 12 (a) - Other financial liabilities - current		
Current Maturities of long term debt	192.00	132.00
Interest Accrued on borrowings	4.40	4.98
Employee benefits payable	1.71	-
Retention money payable	3.50	2.78
Total	201.60	139.76

Note 13 (a) - Provisions - Current

Current

Provision for employee benefits
- Gratuity
- Leave encashment

	0.04	-
	1.41	-
	1.45	-

Note 13 (b) - Provisions - Non - Current

Provision for employee benefits
- Gratuity
- Leave encashment

	1.57	-
	0.24	-

Others

- Resurfacing expenses

	92.35	121.40
	94.16	121.40

Movement of Resurfacing provisions is as follows:

At the beginning of the year	121.40	87.58
Charged / (credited) to Statement of Profit and Loss		
Provision made during the year	30.78	30.54
Excess provision written back (Refer note 38)	(66.43)	-
unwinding of discount	6.60	3.27
At the end of the year	92.35	121.40

Resurfacing provisions - significant estimates

As per the service concession arrangement with NHAI, the company is obligated to carry out resurfacing of the roads under concession. The company 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.

Particulars	₹ Millions	
	As at March 31, 2019	As at March 31, 2018
Note 14 - Other current liabilities		
Duties and taxes payable	0.85	1.45
	0.85	1.45

NK Toll Road Limited

Notes to Financial Statements as of and for the year ended March 31, 2019.

Particulars	₹ Millions	
	Year ended March 31, 2019	Year ended March 31, 2018
Note 15 - Revenue from operations		
Operating income		
- Income from toll collections	372.46	340.95
	<u>372.46</u>	<u>340.95</u>
Note 16 - Other income		
Dividend Income on current investment	3.00	2.42
Profit/Loss on redemption of mutual fund	1.12	3.80
Interest income		
- On financial assets carried at amortised cost	-	9.98
- On fixed deposits	5.79	4.50
- Others	0.19	7.17
Excess provision for MMR written back	66.43	-
Insurance claim received	1.03	2.29
	<u>77.56</u>	<u>30.17</u>
Note 17 - Toll Operation and Maintenance expenses		
Subcontracting expenses	50.53	38.34
Maintenance of Roads	30.78	30.54
Electricity expenses	4.33	4.32
Handling Charges	0.60	0.71
Site and other direct expenses	0.65	1.24
	<u>86.89</u>	<u>75.15</u>
Note 18 - Employee benefits expenses		
Salaries wages and bonus	3.28	-
Contribution to provident funds and other funds	0.08	-
Gratuity	1.61	-
Leave encashment	1.65	-
Staff welfare expenses	0.01	-
	<u>6.63</u>	<u>-</u>
Note 19 - Finance Costs		
Interest on loan	103.36	165.70
Unwinding of discount on provisions	6.60	3.27
Other finance charges	0.98	0.42
	<u>110.94</u>	<u>169.39</u>
Note 20 - Other expenses		
Rent	0.33	0.22
Rates & taxes	0.01	0.07
Insurance	2.73	2.05
Legal and Professional Charges	9.81	6.86
Expenditure toward Corporate Social responsibility	-	0.43
Auditors Remuneration		
- Audit Fees	0.24	0.24
- Certification Fees	0.02	-
Travelling and Conveyance	0.11	0.05
Other miscellaneous expenses	1.22	1.25
Provision for expected credit loss	112.98	-
	<u>127.45</u>	<u>11.15</u>

NK Toll Road Limited

Notes to Financial Statements as of and for the year ended March 31, 2019

Note 21 - Fair value measurements

(a) Significance of financial instruments

Classification of financial instruments

Particulars	₹ Millions	
	As at March 31, 2019	As at March 31, 2018
Financial assets		
At amortised Cost		
Loans	100.00	195.00
Security Deposits	1.61	1.63
Interest accrued on fixed deposits	3.08	-
Interest accrued on loans	-	17.98
Retention Money receivable from NHAI	4.16	1.38
Cash and Cash equivalents	63.27	10.87
Other bank balances	97.31	74.66
Claim receivable from NHAI	8.81	8.81
At Fair value through profit & loss		
Mutual fund Investments	48.99	51.45
Total financial assets	327.23	361.79
Financial liabilities		
At amortised Cost		
Borrowings	502.22	598.75
Debentures	371.36	406.50
Trade Payables	43.31	90.41
Retention money payable	3.50	2.78
Interest accrued but not due	4.40	-
Employee Benefits Payable	1.71	-
Total financial liabilities	930.89	1,098.44

NK Toll Road Limited
Notes to Financial Statements as of and for the year ended March 31, 2019

Note 22 - Fair value Hierarchy

(a) Fair value hierarchy - Recurring fair value measurements

Particulars	₹ Millions	
	As at March 31, 2019	As at March 31, 2018
Financial assets		
At Fair value through profit & loss		
Level 1		
Mutual fund Investments	48.99	51.45
Total financial assets	48.99	51.45

(b) Fair value hierarchy - Assets and liabilities which are measured at amortised cost for which fair values are disclosed

Particulars	₹ Millions	
	As at March 31, 2019	As at March 31, 2018
Financial assets		
Level 3		
Grant receivable from NHAI	-	-
Total financial assets	-	-
Financial liabilities		
Level 3		
Floating Rate Borrowings	502.22	598.75
Debentures	371.36	395.90
Retention money payable	3.50	2.78
Total financial liabilities	877.08	997.43

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, Retention 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.

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

₹ Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Financial assets		
Carrying value of financial assets at amortised cost		
Grant receivable from NHAI	-	-
Total Financial assets at amortised cost	-	-
Fair value of financial assets carried at amortised cost		
Grant receivable from NHAI	-	-
Total Fair value of financial assets at amortised cost	-	-
Financial liabilities		
Carrying value of financial liabilities at amortised cost		
Floating rate borrowings	502.22	598.75
Debentures	371.36	406.50
Retention money payable	3.50	2.78
	877.08	1,008.03
Fair value of financial liabilities carried at amortised cost		
Floating rate borrowings	502.22	598.75
Debentures	371.36	395.90
Retention money payable	3.50	2.78
	877.08	997.43

The carrying value amounts of security deposits, fixed deposits, interest accrued on deposits, retention money receivable, cash and cash equivalents, trade payables, interest accrued on borrowing and employee benefits payable 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.

NK Toll Road Limited
Notes to Financial Statements as of and for the year ended March 31, 2019

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 — foreign exchange	Recognized financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Actively Managed
Market risk — interest rate	Long-term borrowings at variable Rates	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 under policies approved by board of directors. Company 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

Particulars	₹ Millions	
	As at March 31, 2019	As at March 31, 2018
Variable Rate Borrowings	502.22	598.75
Fixed Rate Borrowings	371.36	395.90
Total	873.58	994.65

b) Sensitivity analysis

from borrowings as a result of changes in interest rates.

Impact on profit/loss after tax	As at March 31, 2019	As at March 31, 2018
Interest rates (increase) by 100 basis points	(3.97)	(4.73)
Interest rates decrease by 100 basis points	3.97	4.73

NK Toll Road Limited
Notes to Financial Statements as of and for the year ended March 31, 2019

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, 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 year ended March 31, 2017 and March 31, 2018.

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).

Particulars	₹ Millions	
	As at March 31, 2019	As at March 31, 2018
Net debt (a)	810.31	994.37
Equity (b)	1,629.43	1,747.79
Net debt to equity ratio (a) / (b)	0.50	0.57
Particulars	As at March 31, 2019	As at March 31, 2018
Net debt (a)	810.31	994.37
Equity (b)	1,629.43	1,747.79
Net debt plus Equity (c = a+b)	2,439.74	2,742.16
Gearing ratio (a) / c	0.33	0.36

NK Toll Road Limited
Notes to Financial Statements as of and for the year ended March 31, 2019

Liquidity risk - Table

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, 2019	Less than 1 year	More than 1 year	Total
Non-derivatives			
Borrowings	192.03	682.53	874.56
Interest on Borrowings	86.95	123.65	210.61
Trade and other payables	43.31	-	43.31
Other financial liabilities	6.99	-	6.99
Total non-derivatives	329.29	806.18	1,135.47

₹ Millions			
As at 31st March, 2018	Less than 1 year	More than 1 year	Total
Non-derivatives			
Borrowings	131.99	874.56	1,006.56
Interest on Borrowings	103.42	210.61	314.03
Trade and other payables	90.41	-	90.41
Other financial liabilities	2.78	-	2.78
Total non-derivatives	328.61	1,085.17	1,413.78

NK Toll Road Limited
Notes to Financial Statements as of and for the year ended March 31, 2019

Note 25 - 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
NK Toll Road Limited	Financing, design, building and operation of 41 kilometre long four lane toll road between Namakkal and Karur on National Highway 7	Period of concession: 2006 - 2026 Remuneration : Toll Investment grant from concession grantor : Yes 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 : Nil	March 31, 2019	March 31, 2019
			3,188.72	2,246.19
			March 31, 2018	March 31, 2018
			3,188.72	2,479.52

Note 26

Earning per share

Particulars	As at March 31, 2019	As at March 31, 2018
Profit / (Loss) attributable to equity shareholders (₹. Millions) (A)	(118.35)	(13.16)
Weighted average number of equity shares for basic and diluted earnings per share (₹) (B)	4,477,000	4,477,000
Earnings / (Loss) per share (Basic and diluted) (₹) (A/B)	(26.44)	(2.94)
Nominal value of equity shares (₹)	10.00	10.00

Note 27 - Contingent liabilities

Particulars	₹. Millions	
	As at March 31, 2019	As at March 31, 2018
1. Claims against the Company not acknowledged as debts and under litigation		
Service Tax claims	15.81	15.81

Note 28 - Arbitration Claims by the Company

EPC Contractor had raised claims against the Company under the provisions of the EPC Agreement which primarily arose due to events attributed to NHAI. The claims were scrutinized by the Company and after due deliberations, it was agreed between the Company and the EPC Contractor that the claims shall be referred to NHAI for consideration.

Accordingly the Company along with its claims, submitted the claims of the EPC Contractor to NHAI amounting to 1,058.20 millions for consideration. The claims were rejected by NHAI and accordingly after following the due procedure of Dispute resolution, the claims were referred to Arbitration. The Arbitral Tribunal pronounced an Award in favour of the Company for an amount of ₹ 699.42 millions (includes interest of ₹ 363.59 millions till the date of award). Further, the Tribunal has also awarded an interest @ 12% from the date of Award till the date of realization if the awarded amount is not paid within 60 days from the date of Award. On January 7, 2017 NHAI as per the Award passed by the Arbitral Tribunal paid an amount of ₹ 4.77 millions towards cost of arbitration and an amount of ₹ 7.21 millions towards delay in payment of grant during construction period.

NHAI challenged the arbitration award passed by tribunal before the single bench of the Hon'ble High Court of Delhi. The Hon'ble High Court of Delhi on March 23, 2017 dismissed the plea of NHAI on merits. NHAI has challenged the Order passed by the single bench of the High Court of Delhi in the division bench of the Hon'ble High Court of Delhi. Based on an interim Order of the division bench of the Hon'ble High Court of Delhi, NHAI made further payment of ₹ 12.40 million as per the descending note of the Arbitration Award. The next hearing is on July 05, 2019.

The EPC Contractor has agreed to await the conclusion of the process in the Courts. It is also agreed between the EPC Contractor and Company that payment towards EPC Contractor's claims shall be made to the EPC Contractor by the Company when the same is received by NHAI. The Company will update the EPC Contractor with regard to the status of the matter pending before the Hon'ble High Court of Delhi.

The Company during the year initiated arbitration proceeding amounting to ₹ 1219.98 Million against NHAI claiming loss of toll revenue towards the construction of a bridge commissioned by government of Tamilnadu, which acts as a bypass to the project Highway. The Estimated revenue loss is calculated from the date when the bridge was commissioned till the end of the concession period. The arbitration proceedings are underway.

Note 29- Claim of 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 Company 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 ₹ 18.31 millions claimed, being contractually enforceable and certain of recovery has been recognised as other operating income. As at March 31, 2019, ₹ 8.81 millions is receivable.

NK Toll Road Limited
Notes to Financial Statements as of and for the year ended March 31, 2019

Note 30-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.

Particulars	As at March 31, 2019	As at March 31, 2018
Contribution to provident fund and other funds	0.08	-
Total	0.08	-

a) Defined benefit plan

The company 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:

Particulars	As at March 31, 2019	As at March 31, 2018
Opening defined benefit liability / (assets)	-	-
Net employee benefit expense recognised in the employee cost		
Current service cost	1.61	-
Interest cost on benefit obligation	-	-
Net benefit expense	1.61	-
Amount recorded in Other Comprehensive Income (OCI)		
Measurement during the period due to :		
Actuarial loss / (gain) arising from change in financial assumptions	-	-
Actuarial loss / (gain) arising on account of experience changes	-	-
Experience (gains)/losses	-	-
Amount recognized in OCI	-	-
Benefit Paid	-	-
Closing net defined benefit liability / (asset)	1.61	-

Particulars	As at March 31, 2019	As at March 31, 2018
Opening fair value of plan assets	-	-
Net employee benefit expense recognised in the employee cost		
Interest cost on benefit obligation	-	-
(Gain) / losses on settlement	-	-
Net benefit expense	-	-
Amount recorded in Other Comprehensive Income (OCI)		
Measurement during the period due to :		
Return on plan assets, excluding amounts included in interest expense/(income)	-	-
Amount recognized in OCI	-	-
Employer contributions/premiums paid	-	-
Benefits Paid	-	-

NK Toll Road Limited
Notes to Financial Statements as of and for the year ended March 31, 2019

The net liability disclosed above relates to funded plan is as follows:

₹ Millions

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Present value of funded obligations	1.61	-
Fair value of plan assets	-	-
Amount not recognised as an asset (asset ceiling)	-	-
	<u>1.61</u>	<u>-</u>
Net liability is bifurcated as follows :		
Current	0.04	-
Non-current	1.57	-
Total	<u>1.61</u>	<u>-</u>

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Discount rate	7.50%	-
Expected rate of return on plan assets (p.a.)	-	-
Salary escalation rate (p.a.)	5.00%	-
Mortality pre-retirement	Indian Assured Lives Mortality (2012-14)	-

A quantitative analysis for significant assumption is as shown below:

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Assumptions -Discount rate		
Sensitivity Level	50 bp	-
Impact on defined benefit obligation -in % increase	-3.67%	-
Impact on defined benefit obligation -in % decrease	3.91%	-
Assumptions -Future salary increases		
Sensitivity Level	50 bp	-
Impact on defined benefit obligation -in % increase	3.98%	-
Impact on defined benefit obligation -in % decrease	-3.77%	-

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:

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Within the next 12 months (next annual reporting period)	0.18	-
Between 2 and 5 years	0.71	-
Between 6 and 9 years	0.73	-
For and Beyond 10 years	1.86	-
Total expected payments	<u>3.48</u>	<u>-</u>
The average duration of the defined benefit plan obligation at the end of the reporting period	7.57 years	-

Plan Assets Composition

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Non Quoted		
Insurer Managed Funds	-	-

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

Opening value of asset ceiling	-	-
Add : Interest on opening balance on asset ceiling	-	-
Remeasurement due to :		
Changes in surplus/deficient	-	-
closing value of asset ceiling	<u>-</u>	<u>-</u>

Note No 31 Income tax expense

	March 31, 2019	March 31, 2018
(a) Income tax expense		
<i>Current tax</i>		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
Total current tax expense	-	-
<i>Deferred tax</i>		
Decrease/(increase) in deferred tax assets	(47.90)	(39.15)
(Decrease)/increase in deferred tax liabilities	93.67	26.43
Total deferred tax expense/(benefit)	45.67	(12.72)
Income tax expense	45.67	(12.72)
Income tax expense is attributable to:		
	March 31, 2019	March 31, 2018
Profit/(Loss) as per Ind AS from operations before income tax expense	(72.88)	(25.88)
Income Tax as per effective Tax Rate of 26.00% (34.608%)	(18.90)	(8.96)
Income not considered for Tax purpose	-	(0.84)
Expenses not allowed for tax purpose	29.83	(3.07)
Corporate Social responsibility expenditure not allowable for tax purpose	-	0.15
Set off of unabsorbed losses	9.43	-
Unabsorbed losses expired	25.31	-
Total Tax Expense	45.67	(12.72)

(b) Deferred tax balances

The balance comprises temporary differences attributable to:

₹ Millions

	March 31, 2019	March 31, 2018
Deferred tax liability on account of:		
Concession Intangible Assets	261.30	354.79
Borrowings	0.25	0.46
	261.55	355.25
Deferred tax asset on account of:		
Provision for resurfacing expenses	24.86	42.42
Unabsorbed losses (including depreciation)	302.45	424.25
	327.31	466.68
Net deferred tax liability/(Asset)	65.76	111.43

NK Toll Road Limited

Notes to Financial Statements as of and for the year ended March 31, 2019

Note 32 - Related Party Transactions

As per Ind AS-24 " Related Party Disclosure" the Company's related parties and transactions with them in the ordinary course of business are disclosed below :

(A) Parties where control exists

Holding Company - Reliance Infrastructure Limited

Particulars	₹ Millions	
	March 31, 2019	March 31, 2018
Transactions during the year : -		
Toll operation and maintenance expenses (including project execution support services)		
Reliance Infrastructure Limited	1.90	4.04
Sub-debts received (in nature of equity)		
Reliance Infrastructure Limited	-	1,400.00
Inter-corporate deposit paid during the year		
Reliance Infrastructure Limited	-	100.00
Balances at the year end: -		
Inter-corporate deposit		
Reliance Infrastructure Limited	100.00	100.00
Trade Payable		
Reliance Infrastructure Limited	1.74	-
Sub-debts (in nature of equity)		
Reliance Infrastructure Limited	1,982.69	1,982.69
Equity share capital (excluding premium)		
Reliance Infrastructure Limited	44.77	44.77
(B) Key Management Personnel (KMP) and details of transactions with KMP :		
Independent Director's Sitting fees		
Shri Anil Verdia	-	0.02
Shri Pradip Mulay	-	0.02
Shri Yogendra Narain	0.03	0.05
Ms. Rashna Khan	0.03	0.05

NK Toll Road Limited

Notes to Financial Statements as of and for the year ended March 31, 2019

Note 33 : Assets pledged as security

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

₹ Millions

	Note	March 31, 2019	March 31, 2018
Current			
Financial assets			
<i>First charge</i>			
Cash and cash equivalents	5a	63.27	10.87
Other Financial Assets	5b	16.05	27.27
Non-financial assets			
<i>First charge</i>			
Other Current Assets	7	1.37	3.21
Total current assets pledged as security		80.70	41.35
Non-current			
<i>First charge</i>			
Intangible Asset	4	2,246.19	2,479.52
Other non current assets	6	-	0.30
Total non-current assets pledged as security		2,246.19	2,479.82
Total assets pledged as security		2,326.89	2,521.17

Note 34 : Disclosure pursuant to para 44 A to 44 E of Ind AS 7 -Cash flow Statements

Particulars	Year Ended March	Year Ended March
	31,2019	31,2018
Long term Borrowings		
Opening Balance	1,005.25	1,108.07
Availed during the year	-	-
Changes in Fair Value		
- Impact of Effective Rate of Interest	0.33	0.38
Repaid During the year	132.00	103.20
Closing Balance	873.58	1,005.25
Interest Expenses		
Opening Balance	4.98	5.66
Interest Charge as per Statement Profit & Loss / Intangible assets under development	110.94	169.39
Changes in Fair Value		
- Impact of Effective Rate of Interest	(0.33)	(0.38)
- Unwinding of Discount on provisions	(6.60)	(3.27)
- Other		4.98
Interest paid to Lenders	(104.59)	(171.41)
Closing Balance	4.40	4.98

NK Toll Road Limited

Notes to Financial Statements as of and for the year ended March 31, 2019

Note 35- The Company is engaged in "Road Infrastructure Projects" which in the context of Ind AS 108 "Operating Segment" is considered as the only segment. The Company's activities are restricted within India and hence, no separate geographical segment disclosure is considered necessary.

Note 36 - As per the policy of the Company, the Intangible assets are amortised over the concession period on the basis of projected toll revenue based on traffic volume projections. During the year the Company appointed an independent traffic consultant to estimate the traffic volume of the vehicles for the balance concession period. Based on the report of traffic consultant, the Company has amortized the intangible assets based on the future toll revenue projections. As per the management the projections reflects the expected pattern in which the economic benefits of the intangible assets will consumed.

Note 37- Events after reporting period

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

Note 38- As per the Concession agreement entered into with NHAI, periodic maintenance of Road shall be carried out by the Company at periodical intervals from the commercial operation date till the end of the concession period. These periodic maintenance viz. resurfacing expenses is a provision to be made considering the wear and tear of the road.

The resurfacing expense is estimated based on the past experience and considering the use of Bituminous Concrete and Micro Surfacing. NHAI also approves the nature of resurfacing to be carried out on the road. The Company makes the estimate and carry the estimate at its present value in the books of account. The Company recalculated the provision and based on their revised calculation, there was a reversal of provision for resurfacing expenses for an amount of ₹ 66.43 Millions. The reversal is on account of the above factors and various guidance received from NHAI and Independent Engineer. The same has been shown as other income in the financial statements, however the actual cost of resurfacing may vary as it is dependent on ageing of pavement, rate variation, test results of Bump integrated & Benkleman Beam Deflection Test & site condition (extend of pavement distress).

NK Toll Road Limited

Notes to Financial Statements as of and for the year ended March 31, 2019

Note Figures for the previous year have been regrouped/reclassified/rearranged wherever necessary to make them comparable to those for the current year.

As per our attached report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm's Registration No:- 101720W/W100355

For and on behalf on board

Lalit R. Mhalsekar
Partner
Membership No.103418
Place: Mumbai
Date: 17 MAY 2019

Kaushik Patil
Director
DIN: 05237230
Place: Mumbai
Date: 17 MAY 2019

~~Maden Biyani~~
~~Director~~
DIN: 07130371