

Independent Auditors' Report

To the Members of TK Toll Road Private Limited

Report on the Financial Statements

Opinion

We have audited the Financial Statements of **TK Toll Road Private 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.

Material Uncertainty Related to Going Concern

We draw attention to Note No. 39 of the Financial Statements which indicates that the Company has incurred a net loss of Rs.123.73Million during the year ended March 31, 2019 and as of date the current liabilities exceed the current assets by 1,464.63Million. These conditions along with other matters set forth in Note No. 39, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a Going Concern. However, the financial statements of the Company have been prepared on a going concern for the reasons stated in the said Note.

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;

- c) 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 31 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 TK Toll Road Private 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 Company does not have any immovable properties, hence the reporting requirements under clause (i)(c) of paragraph 3 of the Order is not applicable.
- (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 except for the following instances of delay /default in repayment of the principal amount :

Particulars	Amount of default of Repayment (Rs. In Millions)	Period of Delay/Default (Days)
Bank of India	36.39	274
Canara Bank	85.06	274
Corporation Bank	54.41	274
India Infrastructure Finance Company Limited (IIFCL)	84.81	274
Indian Overseas Bank	45.77	274
Oriental Bank of Commerce	36.01	274
UCO Bank	54.49	274
Total	396.94	

- (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 45-1A of the Reserve Bank of India Act 1934.

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

Lalit R. Mhalsekar
Partner
Membership No. 103418

Place: Mumbai
Date: May 17, 2019

Annexure – B to Auditor’s report

Annexure to the Independent Auditor’s Report referred under the heading “Report on other legal and regulatory requirements” of our report of even date on the financial statements of TK Toll Road Private Limited

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

We have audited the internal financial controls with reference to financial statements of TK Toll Road Private Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control 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 (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 Act.

Auditors’ Responsibility

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

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system 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/WI00355

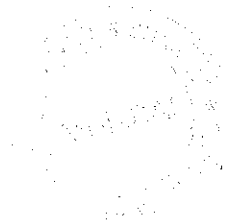
Lalit R. Mhalsekar

Partner

Membership No. 103418

Place : Mumbai

Date : May 17, 2019



TK Toll Road Private 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	6,582.21	6,752.18
(b) Deferred tax assets (net)	27(c)	155.03	175.83
(c) Other non-current assets	6	0.78	-
(d) Advance Tax Assets (Net)		0.95	4.57
Total Non-Current Assets		6,738.97	6,932.58
Current assets			
(a) Financial Assets			
(i) Cash and cash equivalents	5a	4.35	6.32
(ii) Loans	5b	0.13	0.13
(iii) Other financial asset	5c	16.56	10.69
(b) Other current assets	7	7.23	7.09
Total Current Assets		28.27	24.23
Total Assets		6,767.24	6,956.81
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	8	127.56	127.56
(b) Subordinated debt (in nature of Equity)	9a	2,150.40	2,115.20
(c) Other equity	9b & 9c	1,032.00	1,155.25
Total Equity		3,309.96	3,398.01
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
Borrowings	10a	1,963.67	2,446.20
(b) Provisions	13b	0.70	280.27
Total Non-Current Liabilities		1,964.37	2,726.47
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		56.44	47.69
(ii) Other financial liabilities	12a	1,222.79	783.33
(b) Other current liabilities	14	1.15	1.24
(c) Provisions	13a	212.51	0.07
Total Current Liabilities		1,492.90	832.33
Total Equity and Liabilities		6,767.24	6,956.81

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 of the Board

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

Amith Jha
Director
DIN:07130355
Date:
Place : Mumbai

Madan Biyani
Director
DIN:07130371

Yogesh Jain
Chief Financial Officer
Date:
Place : Mumbai

17 MAY 2019

TK Toll Road Private 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	405.42	418.74
Other Income	16	136.99	0.69
Total Income		542.41	419.43
Expenses			
Toll Operation and Maintenance expenses	17	124.09	97.49
Employee benefits expense	18	5.61	12.29
Finance costs	19	331.16	356.10
Amortization expense	4	169.97	69.17
Other expenses	20	14.72	15.26
Total expenses		645.55	550.31
Loss before tax		(103.14)	(130.88)
Tax expense			
Current tax		-	-
Deferred tax charge/(credit)		20.62	(40.97)
Loss for the year		(123.76)	(89.91)
Other Comprehensive Income			
- Items that will not be reclassified to profit/loss			
Remeasurements of net defined benefit plans : Gains / (Loss)		0.68	(0.72)
- Income tax relating to above		0.18	(0.25)
Other Comprehensive Income/(Loss)		0.50	(0.47)
Total Comprehensive Loss		(123.26)	(90.38)
Earnings/(loss) per equity share (Face value of Rs. 10 per share)			
Basic & Diluted	35	(9.70)	(7.05)

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:- 101720WW100355

For and on behalf of the Board

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

Amitabh Jha
Director
DIN:07130355
Date:
Place : Mumbai

Madan Biyani
Director
DIN:07130371

Yogesh Jain
Chief Financial Officer
Membership No. : 103418
Date:
Place : Mumbai

17 MAY 2019

TK Toll Road Private Limited

Cash flow Statement for the year ended March 31, 2018

₹ Millions

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before tax	(103.14)	(130.88)
<i>Adjustments for:</i>		
Amortisation expenses	169.97	69.17
Dividend income	-	(0.13)
Net (gain)/loss on sale of investments	(0.29)	(0.56)
Interest expense	331.16	356.09
Provision for Gratuity and Leave encashment	0.27	1.00
Excess provision written back	(135.65)	-
	262.31	294.88
Cash Generated from Operations before working capital changes		
<i>Adjustments for:</i>		
(Increase)/decrease in financial assets except for investments	(5.87)	4.53
(Increase)/decrease in other current assets	(0.14)	0.47
Increase/(decrease) in trade payables	8.75	8.58
Increase/(decrease) in other financial liabilities	(1.35)	(0.02)
Increase/(decrease) in provisions	51.87	33.05
Increase/(decrease) in other current liabilities	(0.09)	(0.72)
	53.17	45.89
Cash generated from operations	315.48	340.49
Taxes (paid) net of refunds	3.62	(0.51)
Net cash generated from operating activities - [A]	319.10	339.98
B CASH FLOW FROM INVESTING ACTIVITIES:		
Sale/(Purchase) of intangible assets (including intangible asset under development, capital advance, capital creditors)	(0.77)	24.14
Sale of current investments (net of proceeds)	0.29	0.69
Net cash (used in) / generated from investing activities - [B]	(0.48)	24.83
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Sub-debt	35.20	402.50
Proceeds from inter-corporate deposits (short term borrowings)	-	(75.00)
Repayment of long term borrowings	(42.06)	(351.20)
Interest paid	(313.73)	(341.00)
Net cash used in financing activities - [C]	(320.60)	(364.70)
Net increase/(decrease) in cash and cash equivalents - [A+B+C]	(1.97)	0.11
Add: Cash and cash equivalents at the beginning of the year	6.32	6.21
Cash and cash equivalents at the end of the year	4.35	6.32
Components of Cash and cash equivalents		
Balances with banks - in Current accounts	2.45	5.37
Cash on hand	1.90	0.95
Total Cash and cash equivalents [Refer Note 5(a)]	4.35	6.32

The balance in current account with banks of Rs. 1.86 million (Rs. 5.29 million) lying in Escrow account with bank held as security against borrowings.

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 of the Board

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

Amitabh Jha
Director
DIN:07130355
Date:
Place : Mumbai

Maqan Bhiyani
Director
DIN:07130371

Yogesh Jain
Chief Financial Officer
Date:
Place : Mumbai

17 MAY 2019

TK Toll Road Private Limited
Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

₹ Millions

Particulars	Note	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, 2018	8	127.56	-	127.56
For the year ended March 31, 2019		127.56	-	127.56

B. OTHER EQUITY

₹ Millions

	Reserves and Surplus		Total
	Securities Premium Reserve	Retained Earnings	
Balance at April 01, 2017	1,337.14	(91.52)	1,245.63
Loss for the year		(89.91)	(89.91)
Other comprehensive income for the year		(0.47)	(0.47)
Total comprehensive income for the year	-	(90.37)	- 90.37
Balance at March 31, 2018	1,337.14	(181.89)	1,155.25
Balance at April 01, 2018	1,337.14	(181.89)	1,155.25
Loss for the year		(123.76)	(123.76)
Other comprehensive income for the year		0.50	0.50
Total comprehensive income for the year	-	(123.26)	(123.26)
Balance at March 31, 2019	1,337.14	(305.15)	1,032.00

As per our report of even date attached

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

For and on behalf of the Board

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

Amitabh Jha
Director
DIN:07130355
Date:
Place : Mumbai

Madan Biyani
Director
DIN:07130371

Yogesh Jain
Chief Financial Officer
Date:
Place : Mumbai

17 MAY 2019

TK Toll Road Private Limited

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

Note 4 - Concession Intangible assets

₹ Millions

Particulars	Toll Collection rights
Year ended March 2018	
Opening gross carrying amount	6,972.20
Additions	-
Adjustments/Disposals	1.20
Closing gross carrying amount	6,971.00
Accumulated amortisation and impairment	
Opening accumulated amortisation and impairment	149.65
amortisation charge for the year	69.17
Disposals	-
Closing accumulated amortisation and impairment	218.82
Net carrying amount	6,752.18
Year ended March 2019	
Opening gross carrying amount	6,971.00
Additions	-
Adjustments/Disposals	-
Closing gross carrying amount	6,971.00
Accumulated amortisation and impairment	
Opening accumulated amortisation and impairment	218.82
amortisation charge for the year	169.97
Disposals	-
Closing accumulated amortisation and impairment	388.79
Net carrying amount	6,582.21

Note :

(1) The above Intangible Asset are pledged as security with lenders.

TK Toll Road Private 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) - Cash and Cash equivalents		
Balances with banks		
- in current accounts	2.45	5.37
Cash on hand	1.90	0.95
	4.35	6.32
Note 5 (b) - Loans		
(Unsecured considered good)		
Security deposits	0.13	0.13
	0.13	0.13
Note 5 (c) - Other financial assets - current		
(Unsecured considered good)		
Retention money receivable from NHAI	1.65	1.65
Others	11.82	5.96
Claims receivable from NHAI (Refer Note 33)	3.09	3.09
	16.56	10.69
Note 6 - Other non-current assets		
Gratuity Advance	0.78	-
	0.78	-
Note 7 - Other Current assets		
(Unsecured considered good)		
Advance to vendors	0.10	0.10
Advance to employees	0.14	0.06
Prepaid Expenses	0.76	0.70
Duties and taxes receivable	6.23	6.23
	7.23	7.09

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

Note 8 - Share Capital and Other equity

₹ Millions

Particulars	Nos of Shares	As at March 31, 2019	As at March 31, 2018
Note 8a - Authorised Share Capital			
At the beginning of the year	16,000,000	160.00	160.00
Add : Increase during the year	of ₹10 each	-	-
At the end of the year		160.00	160.00
Note 8b - Issued, subscribed and paid-up equity share capital			
At the beginning of the year	12,755,650	127.56	127.56
Add : Increase during the year	of ₹10 each	-	-
At the end of the year		127.56	127.56

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	12,755,650	12,755,650
Add : Nos of Shares issued during the year	-	-
Nos of Shares at the end of the year	12,755,650	12,755,650

Note 8e - Shares held by the holding Company or their subsidiaries/associates

Reliance Infrastructure Limited (Holding Company) & its nominees	12,755,650	12,755,650
--	------------	------------

Note 8f - Details of Shareholders holding more than 5% shares in the Company

Reliance Infrastructure Limited		
Nos of Shares	12,755,650	12,755,650
% of holding	100%	100%

The holding Company has pledged 38,26,695 (P.Y 38,26,695) Equity Shares for availing various term loans.

Particulars	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	2,115.20	1,712.70
Increase / (decrease) during the year	35.20	402.50
At the end of the year	2,150.40	2,115.20

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

- i) Subordinated debt is the part of holding Companies 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 year of the long term project loan.

TK Toll Road Private 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 9b - Retained Earnings		
At the beginning of the year	(181.89)	(91.52)
Loss for the year	(123.76)	(89.91)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment obligations (net of tax)	0.50	(0.47)
At the end of the year	(305.15)	(181.89)
Note 9c - Securities Premium		
At the beginning of the year	1,337.14	1,337.14
Premium on shares issued during the year	-	-
At the end of the year	1,337.14	1,337.14

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.

Particulars	As at March 31, 2019	As at March 31, 2018
Note 10 (a) - Borrowings - Non current		
<u>Secured</u>		
Term loan from banks	1,560.57	1,944.10
Term loan from financial institutions	403.10	502.10
Total	1,963.67	2,446.20

1) Secured Term Loan from Banks & Financial Institutions of Rs. 2,844.24 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 which are as under:-

(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 on receivables, book debts, cash and cash equivalents including any other bank accounts and other assets, present and future.

(iii) a first ranking on government approvals, insurance policies, uncalled capital, project documents, guarantees, letter of credit, performance warranties, indemnities, and securities given to the Company.

(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 NHAI) 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 10.80% p.a

(vi) Due to inability of the Company to repay the overdue amount of loans installments, UCO Bank and Bank of India ('lenders') have stopped charging monthly interest respectively from the date of classifying the account as NPA. However the Company has been regular in paying the interest amount on a monthly basis and the lenders has adjusted the interest paid amount in principal outstanding, due to which the loans outstanding balance as per lender's balance confirmation and as per books of accounts has not been matched.

Further the Company is also in advanced stages of discussion with its lenders for restructuring of their loans and is confident that the restructuring plan would be approved and difference in loans balance would get resolved in next financial year.

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

Particulars	₹ Millions	
	Loan from Banks	Loan from Financial Institutions
FY 2018-19 - Due but not paid	312.13	84.81
FY 2019-20	383.90	99.00
FY 2020-21	523.50	135.00
FY 2021-22	523.50	135.00
FY 2022-23	514.30	133.10
Total	2,257.33	586.91

3) The company has delayed in the payment dues to the Banks & financial institution. The lender wise details is as below :

Name of Lender	Principal amount Rs. Millions	As at March 31,2019 (maximum no of days)
Bank of India	36.39	274
Canara bank	85.06	274
Corporation Bank	54.41	274
IIFCL	84.81	274
IOB	45.77	274
OBC Bank	36.01	274
UCO	54.49	274
Total	396.94	

TK Toll Road Private 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 11 - Trade Payables		
Total outstanding due of micro enterprises & small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises & small enterprises	56.44	47.69
	<u>56.44</u>	<u>47.69</u>
(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 12 - Other financial liabilities - current		
Current Maturities of long term debt	879.84	439.00
Creditors for Capital expenditure	154.19	154.19
Employee benefits payable	1.00	2.38
Retention money payable	187.76	187.76
Total	<u>1,222.79</u>	<u>783.33</u>
Note 13 (a) - Provisions - Current		
Current		
Provision for employee benefits		
- Leave encashment	0.11	0.07
Others		
- Resurfacing expenses	212.40	-
	<u>212.51</u>	<u>0.07</u>
Note 13 (b) - Provisions - Non - Current		
Provision for employee benefits		
- Gratuity	-	0.11
- Leave encashment	0.70	2.28
Others		
- Resurfacing expenses	-	277.88
	<u>0.70</u>	<u>280.27</u>
Movement in provision during the financial year is set out as below:		
Resurfacing provisions		
At the beginning of the year	277.88	235.80
Charged / (credited) to profit or loss		
Additional Provision recognised	53.10	34.65
Excess provision written back (Refer note 40)	(135.65)	-
Unwinding of discount	17.07	7.43
Amount utilised during the year	-	-
At the end of the year	<u>212.40</u>	<u>277.88</u>
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'.		
Note 14 - Other current liabilities		
Duties and taxes payable	1.15	1.24
	<u>1.15</u>	<u>1.24</u>

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

₹ Millions

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Note 15 - Revenue		
Operating income		
- Income from toll collections	405.42	418.74
	405.42	418.74
Gross Toll collection	419.36	433.63
Less : Toll collection for additional stretch as per supplementary agreement with NHAI	13.94	14.89
Income from toll collections	405.42	418.74
Note 16 - Other income		
Dividend Income on current investment	-	0.13
Profit on redemption of mutual fund	0.29	0.56
Excess provision for MMR written back	135.65	-
Excess provision for Leave Encashment written back	0.83	-
Miscellaneous income	0.22	-
	136.99	0.69
Note 17 - Toll Operation and Maintenance expenses		
Subcontracting expenses	32.19	32.84
Maintenance of Roads	84.64	54.41
Electricity expenses	3.30	3.22
Handling Charges	0.80	0.95
Site and other direct expenses	3.16	6.07
	124.09	97.49
Note 18 - Employee benefits expenses		
Salaries wages and bonus	4.77	10.57
Contribution to provident funds and other funds	0.29	0.49
Gratuity	0.27	0.33
Leave encashment	-	0.67
Staff welfare expenses	0.28	0.23
	5.61	12.29
Note 19 - Finance Costs		
Interest on loan	308.83	335.22
Unwinding of discount on provisions	17.07	7.43
Other finance charges	5.26	6.20
Unwinding of discount on retention money	-	7.25
	331.16	356.10
Note 20 - Other expenses		
Rent	0.13	0.18
Rates & taxes	0.02	0.08
Insurance	2.70	3.23
Legal and Professional Charges	10.76	9.85
Expenditure toward Corporate Social responsibility	-	-
Auditors Remuneration		
- Audit Fees	0.24	0.24
- Certification Fees	0.02	-
Travelling and Conveyance	0.23	0.40
Other miscellaneous expenses	0.62	1.28
	14.72	15.26

TK Toll Road Private Limited

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

Note 21 - Fair value measurements

Financial Instruments by category

Significance of financial instruments

₹ Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Financial assets		
At amortised Cost		
Security Deposits	0.13	0.13
Insurance Claim receivables	11.82	5.96
Retention Money receivable from NHAI	1.65	1.65
Cash and Cash equivalent	4.35	6.32
Claims receivable from NHAI	3.09	3.09
Total financial assets	21.16	17.27
Financial liabilities		
At amortised Cost		
Borrowings	2,843.51	2,885.20
Trade Payables	56.44	47.69
Retention money payable	187.76	187.76
Employee Benefits Payable	1.00	2.38
Creditors for capital expenditure	154.19	154.19
Total financial liabilities	3242.90	3277.21

TK Toll Road Private 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

₹ Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Financial assets		
At Fair value through profit & loss		
Level 1		
Mutual fund Investments	-	-
Derivatives not designated as hedges		
Level 2		
Principal swap	-	-
Total financial assets	-	-
Financial liabilities		
Derivatives not designated as hedges		
Level 2		
Principal swap	-	-
Total financial liabilities	-	-

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

Financial assets		
Level 3		
Grant receivable from NHAI	-	-
Total financial assets	-	-
Financial liabilities		
Level 3		
Floating Rate Borrowings	2843.51	2885.20
Retention money payable	187.76	187.76
Total financial liabilities	3031.27	3072.96

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.

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

(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	2,843.51	2,885.20
Retention money payable	187.76	187.76
	3,031.27	3,072.96
Fair value of financial liabilities carried at amortised cost		
Floating rate borrowings	2,843.51	2,885.20
Retention money payable	187.76	187.76
	3,031.27	3,072.96

The carrying value amounts of retention money receivable, security deposits, insurance claim receivables, cash and cash equivalents, trade payables, 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.

TK Toll Road Private 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 — interest rate	Long-term borrowings at variable	Sensitivity analysis	Actively Managed
Liquidity risk	Rates 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 treasury identifies, evaluates and hedges financial risk in close co-operation with the company'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	2,843.51	2,885.20
Fixed Rate Borrowings	-	-
Total	2,843.51	2,885.20

b) Sensitivity analysis

Profit or loss is sensitive to higher/lower interest expense 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	(22.46)	(22.79)
Interest rates decrease by 100 basis points	22.46	22.79

TK Toll Road Private Limited**Notes to Financial Statements as of and for the year ended March 31, 2019****Liquidity risk - Table**

₹ Millions

The table below analyses the company'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.

As at March 31, 2019	Less than 1 year	More than 1 year	Total
Non-derivatives			
Borrowings	879.84	1,964.40	2,844.24
Interest on borrowings	245.42	343.77	589.19
Trade and other payables	56.44	-	56.44
Other financial liabilities	342.95	-	342.95
Total non-derivatives	1,524.64	2,308.17	3,832.82
As at March 31, 2018			
	Less than 1 year	More than 1 year	Total
Non-derivatives			
Borrowings	439.00	2,447.30	2,886.30
Interest on borrowings	293.99	589.19	883.18
Trade and other payables	47.69	-	47.69
Other financial liabilities	344.33	-	344.33
Total non-derivatives	1,125.01	3,036.49	4,161.50

TK Toll Road Private Limited

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

Note 24 - Capital risk management

The company's 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's capital management, capital includes issued equity capital, share premium, su debts and all other equity reserves attributable to the equity holders of the parent. The primary objective of th company capital management is to maximize the shareholder value.

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

In order to achieve this overall objective, the company's capital management, amongst other things, aims t ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capit structure requirements. No changes were made in the objectives, policies or processes for managing capital fo year ended March 31, 2019 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)	2,839.16	2,878.88
Equity (b)	3,309.95	3,398.01
Net debt to equity ratio (a) / (b)	0.86	0.85

Particulars	₹ Millions	
	As at March 31, 2019	As at March 31, 2018
Net debt (a)	2,839.16	2,878.88
Equity (b)	3,309.95	3,398.01
Net debt plus Equity (c = a+b)	6,149.11	6,276.89
Gearing ratio (a) / c	0.46	0.46

TK Toll Road Private 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		Financial Asset
			Gross book value	Net book value	
TK Toll Road Private Limited	Financing, design, building and operation of 61 kilometre long six lane toll road between Trichi and Karur on National Highway 67	Period of concession: 2008 - 2038 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 6,971.00	March 31, 2019 6,582.21	March 31, 2019 -
			March 31, 2018 6,971.00	March 31, 2018 6,752.18	March 31, 2018 -

TK Toll Road Private Limited

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

Note : 26 Related Party Transaction

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

₹ Millions

Details of transactions and closing balance

Particulars	March 31, 2019	March 31, 2018
Transactions during the year :-		
Toll operation and maintenance expenses (including project execution support services)		
Reliance Infrastructure Limited	2.01	4.99
Reimbursement of expenditure paid by		
Reliance Infrastructure Limited	0.16	0.26
Sub-debts received (in nature of equity)		
Reliance Infrastructure Limited	35.20	402.50
Inter-corporate deposit paid during the year		
Reliance Infrastructure Limited	-	75.00
Balances at the year end :-		
Trade payables		
Reliance Infrastructure Limited	23.48	21.56
Sub-debts (in nature of equity)		
Reliance Infrastructure Limited	2,150.40	2,115.20
Equity share capital (excluding premium)		
Reliance Infrastructure Limited	127.56	127.56

(B) Key Management Personnel (KMP) and details of transactions with KMP :**Independent Director's Sitting fees**

Shri Anil Verdia	-	0.02
Shri Yogendra Narain	0.02	0.04
Ms. Rashna Khan	0.02	0.04

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

Note 27: Income and deferred taxes

27(a) Income tax expense

	₹ Millions	
	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	63.27	(121.20)
(Decrease)/increase in deferred tax liabilities	(42.65)	79.98
Total deferred tax expense/(benefit)	20.62	(41.22)
Income tax expense	20.62	(41.22)
Income tax expense is attributable to:		
Profit from continuing operations	20.62	(41.22)

27(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	March 31, 2019	March 31, 2018
Profit from operations before income tax expense	(102.46)	(131.60)
Tax at the Indian tax rate of 26.000% (34.608%)	(26.64)	(45.54)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Income not considered for Tax purpose	(0.08)	(0.04)
Expenses not allowed for tax purpose	47.33	4.36
Income tax expense charged to statement of Profit and Loss	20.61	(41.22)

27(c) - Deferred tax (liability) / Asset

The balance comprises temporary differences attributable to :

Particulars	₹ Millions	
	As at March 31, 2019	As at March 31, 2018
Deferred tax liability on account of :		
Concession Intangible assets	295.38	354.69
Impact of effective interest rate on borrowings	0.19	0.38
Total Deferred tax Liabilities	295.57	355.08
Deferred tax asset on account of :		
Unabsorbed losses	395.17	432.94
Retention Money Payable	55.22	97.10
Retirement benefit obligation	0.21	0.86
Total Deferred tax Assets	450.61	530.91
Net deferred tax (liability)/asset	155.03	175.83

TK Toll Road Private Limited

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

Note 28 : Assets pledged as security

₹ Millions

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

	Note	March 31, 2019	March 31, 2018
Current			
Financial assets			
<i>First charge</i>			
Cash and cash equivalents	5a	4.35	6.32
Other Financial Assets	5b	16.56	10.82
Non-financial assets			
<i>First charge</i>			
Other Current Assets	7	7.23	7.09
Total current assets pledged as security		28.14	24.23
Non-current			
<i>First charge</i>			
Intangible Asset	4	6,582.21	6,752.19
Other non current assets	6	0.78	-
Total non-current assets pledged as security		6,582.98	6,752.19
Total assets pledged as security		6,611.12	6,776.42

Note 29 : Disclosure pursuant to para 44 A to 44 E of Ind AS 7 -Cash flow Statements

₹ Millions

Particulars	Year Ended March 31,2019	Year Ended March 31,2018
Long term Borrowings		
Opening Balance	2,885.20	3,235.98
Availed during the year	-	-
Changes in Fair Value		
- Impact of Effective Rate of Interest	0.37	0.42
Less : Repayment During the year	42.06	351.20
Closing Balance	2,843.50	2,885.20

Short term Borrowings		
Opening Balance	-	75.00
Add : Availed during the year	-	-
Less : Repaid During the year	-	75.00
Closing Balance	-	-

Sub-ordinated debt (in nature of equity)		
Opening Balance	2,115.20	1,712.70
Add : Availed during the year	35.20	402.50
Less : Repaid During the year	-	-
Closing Balance	2,150.40	2,115.20

Interest Expenses		
Opening Balance	-	-
Interest Charge as per Statement Profit & Loss	331.16	356.10
Changes in Fair Value		
- Impact of Effective Rate of Interest	(0.37)	(0.42)
- Unwinding of Discount on provisions	(17.07)	(7.43)
- Unwinding of Discount on retention money	-	(7.26)
Interest paid to Lenders	(313.73)	(341.00)
Closing Balance	-	-

TK Toll Road Private 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	0.28	0.46
Total	0.28	0.46

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)	2.00	2.44
Net employee benefit expense recognised in the employee cost		
Current service cost	0.28	0.34
Interest cost on benefit obligation	0.15	0.17
Net benefit expense	0.43	0.51
Amount recorded in Other Comprehensive Income (OCI)		
Measurement during the period due to :		
Actuarial loss / (gain) arising from change in financial assumptions	(0.29)	0.39
Actuarial loss / (gain) arising on account of experience changes	(0.79)	(0.30)
Experience (gains)/losses	(0.13)	-
Amount recognized in OCI	(1.21)	0.08
Benefit Paid	(0.47)	(1.03)
Closing net defined benefit liability / (asset)	0.75	2.00

Particulars	As at March 31, 2019	As at March 31, 2018
Opening fair value of plan assets	1.89	2.34
Net employee benefit expense recognised in the employee cost		
Interest cost on benefit obligation	0.16	0.18
(Gain) / losses on settlement	-	-
Net benefit expense	0.16	0.18
Amount recorded in Other Comprehensive Income (OCI)		
Measurement during the period due to :		
Return on plan assets, excluding amounts included in interest expense/(income)	(0.13)	(0.64)
Amount recognized in OCI	(0.13)	(0.64)
Employer contributions/premiums paid	0.47	1.03
Benefits Paid	(0.47)	(1.03)
	1.92	1.89

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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	0.75	2.00
Fair value of plan assets	1.92	1.89
Amount not recognised as an asset (asset ceiling)	0.40	-
	(0.78)	0.11
Net liability is bifurcated as follows :		
Current	-	-
Non-current	(0.78)	0.11
Total	(0.78)	0.11

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Discount rate	7.50%	7.70%
Expected rate of return on plan assets (p.a.)		
Salary escalation rate (p.a.)	5.00%	9.75%
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:

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Assumptions -Discount rate		
Sensitivity Level	50 bp	50 bp
Impact on defined benefit obligation -in % increase	-3.25%	-6.63%
Impact on defined benefit obligation -in % decrease	3.43%	7.22%
Assumptions -Future salary increases		
Sensitivity Level	50 bp	50 bp
Impact on defined benefit obligation -in % increase	3.50%	7.05%
Impact on defined benefit obligation -in % decrease	-3.34%	-6.54%

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)	0.07	0.05
Between 2 and 5 years	0.40	0.23
Between 6 and 9 years	0.27	0.41
For and Beyond 10 years	0.60	5.95
Total expected payments	1.33	6.64

The average duration of the defined benefit plan obligation at the end of the reporting period

6.68 years

13.83 years

Plan Assets Composition

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Non Quoted		
Insurer Managed Funds	1.92	1.89
	1.92	1.89

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	0.40	-
closing value of asset ceiling	0.40	-

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Note 31 - Contingent liabilities

Particulars	₹ Millions	
	As at March 31, 2019	As at March 31, 2018
(A)		
1. Claims against the company not acknowledged as debts and under litigation		
(a) Service Tax claims	18.74	18.74
2. Other claims		
Differences in balances as per bank loan confirmations and books of accounts mainly on account of interest rate resetting are under reconciliation with the bankers. The company expect to settle these soon and do not anticipate any further liability on account of interest.	0.90	5.29

(B) There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated February 28th, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The Company is evaluating for further clarity and its impact on its financial statement. The Company, in respect of the above mentioned Contingent Liabilities has assessed that it is only possible but not probable that outflow of economic resources will be required.

Note 32 - Arbitration Claims by the company

EPC Contractor has 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 is 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 for consideration. The claims went through the Dispute Resolution procedures of the Concession Agreement including the amicable settlement between the two Chairmen of NHAI and the Company. However no settlement could be arrived at between NHAI and the Company. The Company has accordingly referred the Disputes/claims to arbitration. The EPC Contractor has agreed to await the outcome of the Arbitration proceedings before pursuing any further action on the matter. It is agreed between the Company and the EPC Contractor that till such time the Arbitration between Company and NHAI is concluded, no rights of the EPC Contractor with regard to Limitation on the claims will be affected. The Company will update the EPC Contractor with regard to the status of Arbitration process with NHAI.

The Claims referred to NHAI by the Company, which have now become a matter of Dispute under the Concession Agreement amounts to Rs. 10,373.05 million which also includes the claim of the EPC Contractor amounting to Rs. 5,546.79 million.

Note 33- 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 ₹ 29.50 millions claimed, being contractually enforceable and certain of recovery has been recognised as other operating income. As at March 31, 2019, ₹ 3.09 millions was receivable and disclosed under Other Financials Assets – Current.

Note 34 - Proceedings under Insolvency & Bankruptcy Code

During the year, Bank of India ("one of the lender") has issued a loan recall notice on October 08, 2018 and subsequently applied for the insolvency petition under the Insolvency and Bankruptcy Code 2016 against the Company before the Hon'ble National Company Law Tribunal (NCLT) Mumbai Bench, for nonpayment of the interest and the installments payable under the rupee term loan agreement. Subsequently, the Company also filed an application before the NCLT, mentioned that as per common loan agreement (CLA), an individual lender cannot initiate action in case of Event of Default, the action contemplated under clause 7.2 of CLA has to be collective action by the all lenders and action taken by Bank of India would be contrary to all the other lenders, hence the loan amount of ₹ 264.62 million which is recall by the Bank of India not classified in current maturities of debts. The matter is pending before the NCLT.

Note 35 - Earnings per share

₹ Millions

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit / (Loss) attributable to equity shareholders (Rs Millions) (A)	(123.76)	(89.91)
Weighted average number of equity shares for basic and diluted earnings per share (B)	12,755,650	12,755,650
Earnings / (Loss) per share (Basic and diluted) (Rupees) (A/B)	(9.70)	(7.05)
Nominal value of equity shares (Rupees)	10.00	10.00

Note 36- 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 37- 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 38- Events after reporting period

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

Note 39 - Going Concern

As at March 31, 2019, the current liabilities of the Company have exceeded its current assets. The Company is undertaking a number of steps which will result in an improvement in cash flows and enable the Company to meet its financial obligations. There has also been improvement in the revenues of the Company and such revenues have been sufficient to recover the operating costs and the EBTA (Earnings before Interest, Tax & Amortisation) has been positive since the commencement of the operations. Additionally, the Company enjoys long concession extending upto FY 2038 and the current cash flow issues have occurred due to mismatch in the repayment schedule vis a vis the concession period. The Company is also in advanced stages of discussion with its lenders for restructuring of their loans and is confident that the restructuring plan would be approved. Further the Company has filed arbitration claim worth of ₹ 10,373.05 million and is confident of favourable outcome, which will further improve the financial position of the Company.

The Based on the foregoing, the going concern assumption is considered to be appropriate.

Note 40- 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 ₹ 135.65 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).

TK Toll Road Private Limited

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

Note 41 Previous year figures have been regrouped and re-arranged wherever necessary to make them comparable to those for current year.

As per our attached report of even date

For Chaturvedi & Shah LLP

Chartered Accountants

Firm's Registration No:- 101720W/W/100355

For and on behalf of the Board

Lalit R. Mhalsekar

Partner

Membership No. : 103418

Date:

Place: Mumbai

17 MAY 2019

17 MAY 2019

Amitabh Jha

Director

DIN:07130355

Place: Mumbai

Madan Biyani

Director

DIN\07130371

Yogesh Jain

Chief Financial Officer

Date: 17 MAY 2019

Place : Mumbai