

KM TOLL ROAD PRIVATE LIMITED

FINANCIAL STATEMENTS

as at March 31, 2022

Bakliwal & Co.

CHARTERED ACCOUNTANTS

Independent Auditors' Report

To the Members of
KM Toll Road Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **KM Toll Road Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred 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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its loss (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) as 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Material Uncertainty related to Going Concern

We draw attention to Note 31 of the financial statements wherein the Company has terminated the concession agreement with National Highways Authority of India (NHAI), accordingly business operations of the Company have ceased to continue. This indicates that a material uncertainty exists 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 basis for the reasons stated therein.

Emphasis of Matter

We draw attention to Note 36 of the financial statements wherein the Company has terminated the Concession agreement with NHAI and the business operations of the Company has discontinued. No provision for impairment in the values of assets of the Company has been considered in the financial statements for the reasons stated therein.

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 financial position, financial performance, changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

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

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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 skepticism 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 ability of the Company 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

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.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Director's report and shareholders information included in the annual report 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 during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is material misstatement therein; we are required to report that fact. We have nothing to report in this regard.

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Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;
 - e) The going concern matter described in Material Uncertainty Related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company
 - f) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act;
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
 - h) 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 managerial remuneration to its directors during the year is in accordance with the provisions of the Act.
 - i) 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) There were no pending litigations which would impact financial position of the Company.
 - (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, 2022.
 - (iv) (a) Management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) Management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
 - (c) Based on our audit procedure conducted that are considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation given by the management under paragraph (2) (h) (iv) (a) & (b) contain any material misstatement.

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(v) The Company has not declared or paid any dividend during the year.

For **Bakliwal & Co.**
Chartered Accountants
Regn.No.130381W

Ankur Jain
Partner
Membership No.197643

Place: Mumbai
Date: May 06, 2022
UDIN: 22197643AIPERM3506

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ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of
KM Toll Road Private Limited of even date)

- i) (a) (A) As explained to us, the Company does not have any Property, Plant and Equipment.
(B) The Company is maintaining proper records showing full particulars of intangible assets.

(b) The Property, Plant and Equipment included within the Intangible assets, have been physically verified by the management during the year and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets.

(c) According to the information and explanations given and based on our examinations of the records of the Company provided to us, the title deeds of immovable property included within the Intangible assets are in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment during the year under audit.

(e) There are no proceedings initiated or any pending against the Company as at March 31, 2022 for holding any benami property under the Prohibition of Benami Transactions Act, 1988 (as amended in 2016) and rules made there under.
- ii) (a) As explained to us, there is no inventory hence clause 3(ii) of the Order is not applicable.
(b) According to the information and explanations given to us, The Company has not been sanctioned any working capital limits from any bank or financial institution, Hence provisions of clause 3 (ii)(b) of the Order is not applicable.
- iii) According to the information and explanations given to us, the Company has not granted any loans or investments or advances or guarantees or security to companies, firms, Limited Liability Partnerships or other parties during the year. Hence clause 3(iii) of the Order is not applicable.
- iv) According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act. Further the Company is engaged in the business of providing infrastructural facilities the provisions of section 186 (except sub section 1) are not applicable.
- v) According to the information and explanations given to us, the Company has not accepted any deposit which is deemed to be deposit from the public hence clause 3(v) of the Order is not applicable.
- vi) We have been broadly reviewed the books of accounts and we are of the opinion that Cost records have been made and maintained by the Company as prescribed by the Central Government under section 148(1) of the Act and the rules made there under. We have not, however, made a detailed examination of the records.
- vii) (a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including Provident fund, Income-tax, Duty of customs, Goods and Service tax, Cess and other statutory dues, wherever applicable, during the year. Further no undisputed amounts payable in respect of Provident fund, Income tax, Duty of customs, Goods and Service tax, Cess and other statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us there are no statutory dues pending on account of any dispute.
- viii) As per the information and explanations given to us and based on our examinations of the records of the Company, there are no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

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- ix) (a) According to the information and explanations given to us and based on examination of the records of the Company, the Company has defaulted in repayment of loans or borrowings to financial institution or bank for the following instances in repayment of principal and interest amount. The Company did not have any loans or borrowings from government during the year.

Rs. Millions

| Bank | Amount due – Principal Repayment | No. of Days default - Max | Amount Due - Interest | No. of Days default - Max |
|---------------------|-------------------------------------|------------------------------|--------------------------|------------------------------|
| Andhra Bank | 171.86 | 562 | 287.37 | 1,066 |
| Bank of Maharashtra | 116.86 | 562 | 173.42 | 1,066 |
| Corporation Bank | 191.11 | 562 | 323.44 | 1,066 |
| Karnataka Bank | 57.74 | 562 | 96.81 | 1,066 |
| Punjab & Sind Bank | 116.86 | 562 | 196.91 | 1,066 |
| State Bank of India | 214.48 | 562 | 366.66 | 1,066 |
| ECB | 323.06 | 562 | 320.31 | 1,201 |
| Total | 1191.97 | | 1,764.92 | |

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanations given to us and based on examination of the records of the Company, we report that during the year Company has not obtained any term loans.

(d) According to the information and explanations given to us and based on an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

- x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3 (x) of the Order is not applicable.
- (b) According to the information and explanations given 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 debentures during the year hence clause 3(x)(b) of the Order is not applicable.
- xi) (a) 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.
- (b) According to the information and explanations given to us, no report under sub-section 12 of section 143 of the Act has been filed by auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us, no whistle-blower complaints have been received during the year by the Company.
- xii) According to the information and explanations given to us, the Company is not a Nidhi company hence, clause 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with sections 177 and 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) (a) According to the information and explanations given to us, in our opinion the Company has an internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- xv) As per the information and explanations given, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.

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- xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- (b) In our opinion and according to the information and explanations provided to us and on the basis of our audit procedures, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year as per the Reserve bank of India Act, 1934.
- (c) In our opinion and according to the information and explanations provided to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) In our opinion and according to the information and explanations provided to us, there is only one Reserve Bank of India registered CIC which may be deemed to be part of Group. However, the said CIC is under corporate insolvency resolution process with its Board being superseded by an RBI nominated Administrator.
- xvii) The Company has incurred cash losses in the current year and in the immediately preceding year.
- xviii) Our appointment was made during the year to fill the casual vacancy caused by the resignation of the previous auditors. On examining their audit report we observe no material issues, objections or concerns raised by the outgoing auditors.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- xx) According to information and explanations given to us, and based on our examination of the financial statements of the Company, the CSR requirement is not applicable to the Company in view of losses incurred by the Company. Accordingly, clause 3(xx)(a) and (xx)(b) of the Order is not applicable.

For **Bakliwal & Co.**
Chartered Accountants
Regn.No.130381W

Ankur Jain
Partner
Membership No.197643

Place: Mumbai
Date: May 06, 2022

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ANNEXURE - B TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **KM Toll Road Private Limited** ("the Company") of even date)

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

We have audited the internal financial controls over financial reporting of **KM Toll Road Private Limited** as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance

that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

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Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Bakliwal & Co.**
Chartered Accountants
Regn.No.130381W

Ankur Jain
Partner
Membership No.197643

Place: Mumbai
Date: May 06, 2022

KM TOLL ROAD PRIVATE LIMITED
Balance Sheet as at March 31, 2022 (Discontinued operation)

| Particulars | Note | ₹ Millions | |
|---|------|-------------------------|-------------------------|
| | | As at March 31, 2022 | As at March 31, 2021 |
| ASSETS | | | |
| Non-current assets | | | |
| (a) Intangible assets | 4 | 12,641.41 | 12,641.41 |
| (b) Intangible assets under development | 4 | 2,804.33 | 2,897.13 |
| (c) Advance Tax Assets (Net) | | - | 2.27 |
| Total Non-Current Assets | | 15,445.74 | 15,540.81 |
| Current assets | | | |
| (a) Financial Assets | | | |
| (i) Cash and cash equivalents | 5a | 106.23 | 39.95 |
| (ii) Loans | 5b | 0.26 | 0.26 |
| (iii) Other financial asset | 5c | 1,866.31 | 1,372.33 |
| (b) Other current assets | 6 | 4.70 | 8.48 |
| Total Current Assets | | 1,977.50 | 1,421.02 |
| Total Assets | | 17,423.24 | 16,961.83 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| (a) Equity share capital | 7 | 34.09 | 34.09 |
| (b) Subordinated debt (in nature of Equity) | 8a | 5,054.50 | 5,054.50 |
| (c) Other equity | 8b | (1,374.65) | (1,363.34) |
| Total Equity | | 3,713.94 | 3,725.25 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Other financial liabilities | 11b | 4,839.15 | 4,839.15 |
| Total Non-Current Liabilities | | 4,839.15 | 4,839.15 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 9 | 4,342.60 | 4,298.69 |
| (ia) Trade payables - Micro, Small and Medium Enterprise | | - | - |
| (ib) Trade payables - Other than Micro, Small and Medium Enterprise | 10 | 151.34 | 245.52 |
| (ii) Other financial liabilities | 11a | 2,510.29 | 2,040.17 |
| (b) Other current liabilities | 12 | 1,865.92 | 1,813.05 |
| Total Current Liabilities | | 8,870.15 | 8,397.43 |
| Total Equity and Liabilities | | 17,423.24 | 16,961.83 |

As per our Report of even date

For Bakliwal & Co.
Chartered Accountants
Firm Registration No. 130381W

For and on behalf of the Board

Ankur Jain
Partner
Membership No. : 197643

Sandeep Joshi
Director
DIN: 9586595

Srinivasa Chari Kasoju
Director
DIN:08759143

Place: Mumbai
Date: 6th May 2022

Place: Mumbai
Date: 6th May 2022

KM TOLL ROAD PRIVATE LIMITED**Statement of Profit and Loss for the year ended March 31, 2022 (Discontinued operation)**

| | | ₹ Millions | |
|---|------|------------------------------|------------------------------|
| Particulars | Note | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Other Income | 13 | - | 144.39 |
| Total Income | | - | 144.39 |
| Expenses | | | |
| Finance costs | 14 | 7.77 | 0.34 |
| Other expenses | 15 | 3.54 | 0.71 |
| Total expenses | | 11.31 | 1.05 |
| Profit / (Loss) before tax | | (11.31) | 143.34 |
| Tax expense | | | |
| Current tax | | - | - |
| Tax for earlier years | | (0.00) | - |
| Profit/(Loss) After Tax | | (11.31) | 143.34 |
| Total Comprehensive Income/ (Loss) | | (11.31) | 143.34 |
| Earning/ (loss) per equity share (Face Value per share ₹10 each) | | | |
| Basic & Diluted | 27 | (3.32) | 42.05 |

As per our Report of even date

For Bakliwal & Co.
Chartered Accountants
Firm Registration No. 130381W

For and on behalf of the Board

Ankur Jain
Partner
Membership No. : 197643

Sandēep Joshi
Director
DIN: 9586595

Srinivasa Chari Kasoju
Director
DIN:08759143

Place: Mumbai
Date: 6th May 2022

Place: Mumbai
Date: 6th May 2022

KM TOLL ROAD PRIVATE LIMITED
Cash Flow Statement for the year ended March 31, 2022 (Discontinued operation)

| Particulars | ₹ Millions | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 |
| A CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Profit / (Loss) before tax | (11.31) | 143.34 |
| Adjustments for: | | |
| Interest income | - | (0.02) |
| Excess provision for MMR written back | - | (144.37) |
| Interest expense | 7.77 | 0.34 |
| | <u>(3.54)</u> | <u>(0.71)</u> |
| Cash Generated from Operations before working capital changes | | |
| Adjustments for: | | |
| (Increase)/decrease in other current assets | 16.08 | - |
| Increase/(decrease) in trade payables | (1.40) | 1.89 |
| Increase/(decrease) in other financial liabilities | 0.00 | (0.09) |
| Increase/(decrease) in other current liabilities | 52.87 | (0.01) |
| | <u>67.55</u> | <u>1.79</u> |
| Cash generated from operations | 64.01 | 1.08 |
| Taxes (paid) net of refunds | 2.27 | 0.27 |
| Net cash (used in) / generated from operating activities - [A] | <u>66.28</u> | <u>1.35</u> |
| B CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Interest received | - | 0.02 |
| Net cash (used in) / generated from investing activities - [B] | <u>-</u> | <u>0.02</u> |
| C CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Received from NHAI agst Termination payment | - | 1,812.10 |
| Repayment of long term borrowings | - | (1,812.61) |
| Net cash (used in) / generated from financing activities - [C] | <u>-</u> | <u>(0.51)</u> |
| Net increase/(decrease) in cash and cash equivalents - [A+B+C] | 66.28 | 0.86 |
| Add: Cash and cash equivalents at the beginning of the year | 39.95 | 39.09 |
| Cash and cash equivalents at the end of the year | <u>106.23</u> | <u>39.95</u> |
| Components of Cash and cash equivalents | | |
| Balances with banks - in Current accounts | 106.23 | 39.95 |
| Total Cash and cash equivalents (Refer Note 5a) | <u>106.23</u> | <u>39.95</u> |

The balance in current account with banks of Rs. 106.23 million (Rs. 39.95 million) lying in Escrow account with bank held as security against borrowings.

As per our Report of even date

For **Bakliwal & Co.**
Chartered Accountants
Firm Registration No. 130381W

Ankur Jafn
Partner
Membership No. : 197643

Place: Mumbai
Date: 6th May 2022

For and on behalf of the Board

Sandeep Joshi **Srinivasa Chari Kasoju**
Director Director
DIN: 9586595 DIN:08759143

Place: Mumbai
Date: 6th May 2022

KM TOLL ROAD PRIVATE LIMITED

Statement of Changes in Equity for the year ended March 31, 2022 (Discontinued operation)

A. EQUITY SHARE CAPITAL (Note No. 7)

₹ Millions

| Particulars | Balance at the beginning of the year | Changes in equity share capital during the year | Balance at the end of the year |
|-----------------------------------|--------------------------------------|---|--------------------------------|
| For the year ended March 31, 2021 | 34.09 | - | 34.09 |
| For the year ended March 31, 2022 | 34.09 | - | 34.09 |

B. OTHER EQUITY - (Note No. 8b)

₹ Millions

| Particulars | Reserves and Surplus | | Total |
|---|----------------------------|-------------------|------------|
| | Securities Premium Reserve | Retained Earnings | |
| Balance at April 01, 2020 | 305.91 | (1,812.59) | (1,506.68) |
| Profit/ (Loss) for the year | | 143.34 | 143.34 |
| Total comprehensive income for the year | - | 143.34 | 143.34 |
| Balance at March 31, 2021 | 305.91 | (1,669.25) | (1,363.34) |
| Balance at April 01, 2021 | 305.91 | (1,669.25) | (1,363.34) |
| Profit/ (Loss) for the year | | (11.31) | (11.31) |
| Total comprehensive income for the year | - | (11.31) | (11.31) |
| Balance at March 31, 2022 | 305.91 | (1,680.56) | (1,374.65) |

As per our Report of even date

For Bakliwal & Co.
Chartered Accountants
Firm Registration No. 130381W

For and on behalf of the Board

Ankur Jāin
Partner
Membership No. : 197643

Sāndeēp Joshi
Director
DIN: 9586595

Srinivasa Chari Kasoju
Director
DIN:08759143

Place: Mumbai
Date: 6th May 2022

Place: Mumbai
Date: 6th May 2022

KM Toll Road Private Limited

Notes to Financial Statements as of and for the year ended March 31, 2022

Note 1: Corporate information

KM Toll Road Private Limited was awarded on Design, Build, Finance, Operate and Transfer (DBFOT) basis strengthening of the existing carriageway from Km. 00.000 to Km. 71.400 on the Gandhidham (Kandla) – Mundra section of National Highway No. 8A in the State of Gujarat and widening of existing 2 lane to 4/ 6 lane and its improvement, operation and maintenance through a concession on Design, Build, Finance, Operate and Transfer (DBFOT) basis under the Concession Agreement dated March 10, 2010 with National Highways Authority of India. The Concession Agreement is for a period of 25 years from January 19, 2011, being the appointed date.

The Company is wholly owned subsidiary of Reliance Infrastructure Limited. At the end of the Concession period, the entire facility will be transferred to NHAI.

The financial statements are authorized for issue by the Company's Board of Directors on May 06, 2022 Pursuant to the provisions of section 130 of the Act the Central Government, income tax authorities and other statutory regulatory body and section 131 of the Act the Board of Directors of the Company have powers to amend / re-open the financial statements approved by the board / adopted by the members of the Company.

Note 2: Basis of preparation

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

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

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

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

Note 3: Summary of Significant accounting policies

3.1 Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

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

3.2 Foreign currencies

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss with an exception of the following:-

Under Ind AS 21 exchange differences arising on the translation/settlement of non-monetary item should be treated as income or loss in Statement of Profit and Loss. However, Ind AS 101 gives an exemption for existing long term foreign currency non-monetary items wherein the Company can continue the policy adopted for treatment of exchange differences arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset for items recognized on or before March 31, 2015.

For any new long term foreign currency non-monetary item recognized from or after first Ind AS financial reporting period, deferral/amortization of exchange difference will not be allowed; rather the Company will apply Ind AS 21 for recognition of gains and losses.

3.3 Functional and presentation currency

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

3.4 Fair value measurement

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

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

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

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

3.5 Revenue recognition

Revenue is recognized up on transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those services.

Toll revenue

The income from toll revenue from operations of the facility is accounted on receipt basis. Effective from April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. There was no impact on adoption of Ind AS 115 in the financial statements.

Others

Interest Income on financial assets measured at amortized cost is recognised using the effective interest rate method.

Dividends are recognised in the Statement of profit and loss only when the right to receive payment is established.

3.6 Accounting of intangible assets under service concession arrangement

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

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

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

Amortization of concession intangible assets

The Intangible asset recognized are amortised over the concession period on the basis of projected toll revenue which reflects the pattern in which the assets economic benefits are consumed. The projected total

KM Toll Road Private Limited

Notes to Financial Statements as of and for the year ended March 31, 2022

toll revenue is based on the independent traffic volume projections; Amortization is revised in case of any material change in the expected pattern of economic benefits. Refer note 22 for description and significant terms of the concession agreements.

Financial assets model

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor in remuneration for concession services. In the case of concession services, the operator has such an unconditional right if the grantor contractually guarantees the payment of amount specified or determined in the contract or the shortfall, if any, between amounts received from users of public service and amounts specified or determined in the Contract.

Financial Assets resulting from application of Appendix D of Ind AS 115 are recorded in the Balance Sheet under the heading "Other Financial Assets" and recognized at amortised cost.

However in case of certain arrangements, the contract may include a payment commitment on the part of the concession grantor covering only part of investment, with the balance to be recovered from by charging users of service. In such arrangements the investment amount guaranteed by the concession grantor is recognized under the financial asset model and the residual balance is recognized under the Intangible asset model.

Any asset carried under concession arrangements is derecognized on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

Maintenance obligations

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

3.7 Taxes

Current Tax

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

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

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

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

Deferred tax

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

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

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

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

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

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

3.8 Borrowing costs

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

3.9 Leases

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

3.10 Contingent liabilities and contingent Assets

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

3.11 Impairment of non-financial assets

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

3.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed the reimbursement is recognized as a separate asset

KM Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2022

but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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

3.13 Employee benefits

(i) Short term obligations

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

(ii) Leave obligations

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

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

(iii) Post - employment obligations

The Company operates various post-employment schemes, including

- (a) defined benefit plans such as gratuity
- (b) defined contribution plans such as provident fund.

Gratuity Obligations

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

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

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

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

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

Defined Contribution plans

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

KM Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2022

3.14 Cash and cash equivalents

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

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

3.15 Financial instruments

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

Financial assets

Initial recognition and measurement

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

For purposes of subsequent measurement, financial assets are classified in following categories;

- at amortised cost
- at fair value through profit or loss (FVTPL)
- at fair value through other comprehensive income (FVTOCI)

Financial Assets at amortised cost

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

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

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

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

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

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

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

De-recognition

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

Financial Liabilities

Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value.

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

KM Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2022

Subsequent measurement

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

Loans and borrowings

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

Trade Payables

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

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

Retention money payable

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

De-recognition

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

Offsetting of financial instruments

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

3.16 Segment information

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

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

3.17 Critical accounting estimates and judgements

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

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

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

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

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

(ii) Income taxes

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

(iii) Amortization of concession intangible assets

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

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

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

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

3.18 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2022.

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

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

₹ Millions

| Particulars | Intangible Assets | | Total Intangible Assets | Intangible assets under development |
|--|-----------------------|-----------------|-------------------------|-------------------------------------|
| | Toll Collection Right | NHAI Premium | | |
| Year ended March 2021 | | | | |
| Opening gross carrying amount | 9,049.39 | 4,418.46 | 13,467.85 | 2,897.13 |
| Additions | - | - | - | - |
| Closing gross carrying amount | 9,049.39 | 4,418.46 | 13,467.85 | 2,897.13 |
| Accumulated depreciation and impairment | | | | |
| Opening accumulated depreciation and impairment | 547.39 | 279.05 | 826.44 | - |
| Depreciation charge for the year | - | - | - | - |
| Closing accumulated depreciation and impairment | 547.39 | 279.05 | 826.44 | - |
| Net carrying amount as at March 31, 2021 | 8,502.00 | 4,139.41 | 12,641.41 | 2,897.13 |
| Year ended March 2022 | | | | |
| Opening gross carrying amount | 9,049.39 | 4,418.46 | 13,467.85 | 2,897.13 |
| Additions | - | - | - | - |
| Capitalised/ Adjusted/Disposal | - | - | - | 92.79 |
| Closing gross carrying amount | 9,049.39 | 4,418.46 | 13,467.85 | 2,804.33 |
| Accumulated depreciation and impairment | | | | |
| Opening accumulated depreciation and impairment | 547.39 | 279.05 | 826.44 | - |
| Depreciation charge for the year | - | - | - | - |
| Closing accumulated depreciation and Impairment | 547.39 | 279.05 | 826.44 | - |
| Net carrying amount as at March 31, 2022 | 8,502.00 | 4,139.41 | 12,641.41 | 2,804.33 |

Notes:

- 1) Intangible Assest pledged as security with lenders
- 2) Flat at Boisar in Maharashtra of Rs. 1.63 Million is included in gross block of Intangible Assets.

KM TOLL ROAD PRIVATE LIMITED
Notes to the Financial Statements as of and for the year ended March 31, 2022
Note 5 - Financial Assets - Current

| Particulars | March 31, 2022 | ₹ Millions |
|--|-------------------|-------------------------|
| | | As at March 31, 2021 |
| Note 5 (a) - Cash and Cash equivalents | | |
| Cash and cash equivalents | | |
| Balances with banks | | |
| - in current accounts (lying in Escrow accounts) | 106.23 | 39.95 |
| | <u>106.23</u> | <u>39.95</u> |
| Note 5 (b) - Loans | | |
| (Unsecured, considered good) | | |
| Security deposits | 0.26 | 0.26 |
| | <u>0.26</u> | <u>0.26</u> |
| Note 5 (c) - Other financial assets - current | | |
| (Unsecured, considered good) | | |
| Retention money receivable from NHAI | 7.02 | 7.02 |
| Others Receivable | 1.63 | 13.92 |
| Claims Receivable From NHAI | 1,857.66 | 1,351.39 |
| | <u>1,866.31</u> | <u>1,372.33</u> |

*** Details of Claim Receivable from NHAI**

| Particulars | As at | ₹ Millions |
|--|----------------|-------------------------|
| | March 31, 2022 | As at March 31, 2021 |
| Demonetization | 13.77 | 13.77 |
| Change of Scope Hybrid ETC | 3.88 | 3.87 |
| Interest to lenders from 17.04.2019 to 31.03.2022 * | 1671.04 | 1200.91 |
| Penal Interest charged by lenders upto 31.03.2020 * | 49.74 | 49.74 |
| Revaluation loss of ECB loan from 01.04.2019 to 31.03.2022 * | 113.33 | 77.19 |
| Prepaid insurance from 17.04.2019 to 07.11.2019 * | 5.91 | 5.91 |
| | <u>1857.66</u> | <u>1351.39</u> |

Note 6 - Other current assets

| | | |
|------------------------------|-------------|-------------|
| (Unsecured, considered good) | | |
| Advance to vendors | 2.82 | 2.82 |
| Duties and taxes receivable | 1.88 | 5.66 |
| | <u>4.70</u> | <u>8.48</u> |

Note 7 - Share Capital**Note 7a - Authorised**

₹ Millions

| Particulars | Nos of Shares | As at March 31, 2022 | As at March 31, 2021 |
|--------------------------------|---------------|-------------------------|-------------------------|
| At the beginning of the year | 1,00,00,000 | 100.00 | 100.00 |
| Add : Increase during the year | of ₹10 each | - | - |
| At the end of the year | | <u>100.00</u> | <u>100.00</u> |

Note 7b - Issued, subscribed and paid-up

| | | | |
|-------------------------------------|-------------|--------------|--------------|
| At the beginning of the year | 34,09,000 | 34.09 | 34.09 |
| Add : Shares issued during the year | of ₹10 each | - | - |
| At the end of the year | | <u>34.09</u> | <u>34.09</u> |

Note 7c - Terms and rights attached to equity shares

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

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity share held by the shareholders.

Note 7d - Reconciliation of nos of Shares

| | | |
|--|------------------|------------------|
| Nos of Shares at the beginning of the year | 34,09,000 | 34,09,000 |
| Add : Nos of Shares issued/bought back during the year | - | - |
| Nos of Shares at the end of the year | <u>34,09,000</u> | <u>34,09,000</u> |

Note 7e - Shares held by holding Company/ Promotor

| | | |
|---|-----------|-----------|
| Reliance Infrastructure Limited along with jointly with nominee (Holding Company) | 34,09,000 | 34,09,000 |
|---|-----------|-----------|

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

| | | |
|--|-----------|-----------|
| Reliance Infrastructure Limited | | |
| Nos of Shares | 34,09,000 | 34,09,000 |
| % of holding | 100% | 100% |

The Holding Company has pledged 1,022,700 Equity Shares of the Company for availing various term loans.

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

| | | |
|---------------------------------------|-----------------|-----------------|
| At the beginning of the year | 5,054.50 | 5,054.50 |
| Increase / (decrease) during the year | - | - |
| At the end of the year | <u>5,054.50</u> | <u>5,054.50</u> |

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

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

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

KM TOLL ROAD PRIVATE LIMITED**Notes to the Financial Statements as of and for the year ended March 31, 2022**

| | <u>As at</u> <u>March 31, 2022</u> | ₹ Millions <u>As at</u> <u>March 31, 2021</u> |
|--|---------------------------------------|---|
| Note 8b - Other Equity | | |
| Note 8b (i) - Retained Earnings | | |
| At the beginning of the year | (1,669.25) | (1,812.59) |
| Net Profit/(Loss) for the year | (11.31) | 143.34 |
| At the end of the year | <u>(1,680.56)</u> | <u>(1,669.25)</u> |

Note 8b (ii) - Securities Premium Account

| | | |
|------------------------------|---------------|---------------|
| At the beginning of the year | 305.91 | 305.91 |
| Addition during the year | - | - |
| At the end of the year | <u>305.91</u> | <u>305.91</u> |

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.

KM TOLL ROAD PRIVATE LIMITED
Notes to the Financial Statements as of and for the year ended March 31, 2022
Financial Liabilities
Note 9 - Borrowings - Current

| Particulars | ₹ Millions | |
|--------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Secured | | |
| Current Maturities of long term debt | 4,342.60 | 4,298.69 |
| | <u>4,342.60</u> | <u>4,298.69</u> |

* Long term borrowings shown under current maturities of long term debt due to recall of loan

1. Secured by:

- First mortgage and charge of all immovable properties, present and future, save and except the project Assets.
- First charge by way of hypothecation of all movable assets, both present and future, save and except the project Assets.
- First charge on all intangible assets save and except Project assets.
- First Charge on receivables, book debts, cash and cash equivalents including any other bank accounts and other assets, present and future.
- First Charge on government approvals, insurance policies, uncalled capital, project documents, guarantees, letter of credit, performance warranties, indemnities and securities given to the Company.

Repayment Terms for Term loans :- Starts from 1st Dec 2014 in 44 quarterly installments and will be paid till 15th Mar 2027. Rate of Interest @12%.

Repayment Terms for ECB :- The repayment of loan will start from 15th Jun 2016 in 33 quarterly installments and will be paid till 15th Jun 2024. Rate of Interest @3 month Libor rate plus margin.

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

| Financial Year | ₹ Millions | |
|----------------|-----------------|----------------|
| | Rupee Term Loan | ECB |
| Principal due | 868.91 | 323.06 |
| 2022-23 | 632.00 | 325.20 |
| 2023-24 | 632.00 | 314.62 |
| 2024-25 | 695.20 | 58.17 |
| 2025-26 | 493.44 | - |
| Total | <u>3321.55</u> | <u>1021.05</u> |

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

| Name of Lenders | Principal Amount ₹ Millions | As at | Interest Amount ₹ Millions | As at March 31, 2022 |
|---------------------|--------------------------------|---|-------------------------------|----------------------|
| | | March 31, 2022 (maximum no of days) | | (maximum no of days) |
| Andhra Bank | 171.86 | 562 | 287.37 | 1,066 |
| Bank of Maharashtra | 116.86 | 562 | 173.42 | 1,066 |
| Corporation Bank | 191.11 | 562 | 323.44 | 1,066 |
| Karnataka Bank | 57.74 | 562 | 96.81 | 1,066 |
| Punjab & Sind Bank | 116.86 | 562 | 196.91 | 1,066 |
| State Bank of India | 214.48 | 562 | 366.66 | 1,066 |
| ECB | 323.06 | 562 | 320.31 | 1,201 |
| Total | 1191.97 | | 1,764.92 | |

*Additional interest charged by lenders as on March 31, 2022 by the company, which are under discussion with lender for its waiver.

4) Due to the inability of the Company to repay the overdue amount of Loan instalments, Secured Loan has been classified as a 'Non-Performing Asset'(NPA) by the Consortium Lenders in FY 2018-19. However, the project was also terminated on May 07, 2019, on account of Material Breach and Event of Default under the provisions of the Concession Agreement by NHAI.

5) The company could not pay interest to lenders Rs. 1764.92 million (previous year 1294.80 million) as the operations of the Project have been taken over by NHAI on April 16, 2019. Also the project was terminated on May 07, 2019, on account of Material Breach and Event of Default under the provisions of the Concession Agreement by NHAI.

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

Note 10 - Trade Payables

| Particulars | ₹ Millions | |
|----------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Trade Payables - MSME | - | - |
| Trade Payables - Other than MSME | 151.34 | 245.52 |
| Total | 151.34 | 245.52 |

a) Trade Payables ageing schedule

Total outstanding due to others -

₹ Millions

| Particulars | As at March 31, 2022 |
|--|-------------------------|
| Outstanding for below periods from date of transaction | |
| Less than 1 Year | 0.04 |
| 1-2 Years | 0.03 |
| 2-3 Years | 0.32 |
| More than 3 Years | 150.94 |
| Total | 151.34 |

(b) Dues to Micro and Small Enterprises

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

Note 11 (a) - Other financial liabilities - current

| | | |
|--------------------------|-----------------|-----------------|
| NHA! Premium Payable | 632.77 | 632.77 |
| Interest accrued and due | 1,764.92 | 1,294.80 |
| Retention Money Payable | 112.60 | 112.60 |
| Total | 2,510.29 | 2,040.17 |

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

| | | |
|----------------------|-----------------|-----------------|
| NHA! Premium Payable | 4,839.15 | 4,839.15 |
| Total | 4,839.15 | 4,839.15 |

Note 12 - Other current liabilities

| | | |
|--|-----------------|-----------------|
| Advances received from NHA! agst termination payment | 1,865.90 | 1,812.10 |
| Duties and taxes payable | 0.02 | 0.95 |
| Total | 1,865.92 | 1,813.05 |

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

| Particulars | ₹ Millions | |
|--|--------------------------------------|--------------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Note 13 - Other income | | |
| Interest income | | |
| - Others | - | 0.02 |
| Excess provision for MMR written back | - | 144.37 |
| | <u>-</u> | <u>144.39</u> |
| Note 14 - Finance Costs | | |
| Interest on loan : - | | |
| Interest on loan after takeover of Toll Plaza by NHAI | 470.13 | 559.82 |
| Less : Interest on loan transferred to Claim Receivable | (470.13) | (559.82) |
| Revaluation loss/ (gain) on ECB | 36.14 | (45.44) |
| Less : Revaluation loss on ECB transferred to Claim Receivable | (36.14) | 45.44 |
| Other finance charges | 7.77 | 0.34 |
| | <u>7.77</u> | <u>0.34</u> |
| Note 15 - Other expenses | | |
| Legal and Professional Charges | 2.43 | 0.68 |
| Auditors Remuneration | 0.03 | 0.03 |
| Other miscellaneous expenses | 1.08 | - |
| | <u>3.54</u> | <u>0.71</u> |

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

Note 16 - Fair value measurements**Significance of financial instruments****Classification of financial instruments**

₹ Millions

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|--------------------------------------|---------------------------------|---------------------------------|
| Financial assets | | |
| At amortised Cost | | |
| Security deposits | 0.26 | 0.26 |
| Others Receivable | 1.63 | 13.92 |
| Retention Money receivable from NHAI | 7.02 | 7.02 |
| Cash and Cash equivalent | 106.23 | 39.95 |
| Claims Receivable From NHAI | 1857.66 | 1351.39 |
| Total financial assets | 1,972.80 | 1,412.54 |
| Financial liabilities | | |
| At amortised Cost | | |
| Floating Rate Borrowings | 4342.60 | 4298.69 |
| Trade Payables | 151.34 | 245.52 |
| Retention money payable | 112.60 | 112.60 |
| NHAI Premium Payable | 5,471.91 | 5,471.91 |
| Interest accrued and due | 1,764.92 | 1,294.80 |
| Total financial liabilities | 11843.37 | 11423.52 |

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

| Particulars | ₹ Millions | |
|---|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Note 17 - Fair value Hierarchy | | |
| (a) Fair value hierarchy - Assets and liabilities which are measured at amortised cost for which fair values are disclosed | | |
| Financial liabilities | | |
| Level 3 | | |
| Floating Rate Borrowings | 4,342.60 | 4,298.69 |
| Retention money payable | 112.60 | 112.60 |
| NHAI Premium Payable | 5,471.91 | 5,471.91 |
| Total financial liabilities | 9,927.11 | 9,883.20 |

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.

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

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

| Particulars | ₹ Millions | |
|--|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Financial liabilities | | |
| Carrying value of financial liabilities at amortised cost | | |
| Floating rate borrowings | 4,342.60 | 4,298.69 |
| Retention money | 112.60 | 112.60 |
| NHAI Premium Payable | 5,471.91 | 5,471.91 |
| | <u>9,927.11</u> | <u>9,883.20</u> |
| Fair value of financial liabilities carried at amortised cost | | |
| Floating rate borrowings | 4,342.60 | 4,298.69 |
| Retention money | 112.60 | 112.60 |
| NHAI Premium Payable | 5,471.91 | 5,471.91 |
| | <u>9,927.11</u> | <u>9,883.20</u> |

The carrying value amounts of fixed deposits, interest accrued on deposits, retention money receivable, insurance claim receivable, cash and cash equivalents, trade payables, interest accrued, employee benefits payable and creditors for capital expenditure approximate their fair value due to their short term nature. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

Note 18 Foreign currency exposure

₹ Millions

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---------------------------------|---------------------------------|
| Foreign currency exposures not hedged by derivative instrument or otherwise: | | |
| Borrowings (including interest accrued but not due) in USD in millions | 16.94 | 16.00 |
| Borrowings (including interest accrued but not due) in INR in millions | 1,284.02 | 1,169.56 |
| | 1,284.02 | 1,169.56 |
| Note 19 Expenditure in Foreign Currency | | |
| Interest on External Commercial Borrowings (ECB) | - | 83.39 |
| | - | 83.39 |

Note 20 Deferral Capitalisation of Exchange Difference

The Company had opted to defer / capitalize exchange differences arising on long-term foreign currency monetary items in accordance with paragraph 46A of AS 11. However, Ind AS 21 requires all exchange gain/losses arising on foreign currency monetary to be recognised under statement of profit and loss. Ind AS 101 gives an option whereby the Company will continue its Indian GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the Indian GAAP Financial Statements for the period ending immediately before the beginning of the first Ind AS financial reporting period.

However, for any new long term foreign currency monetary item recognised from the first Ind AS financial reporting period, the Company will follow Ind AS 21 for recognition of gains and losses.

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

Note 21 Foreign currency risk exposure

| Particulars | ₹ Millions | |
|--|---------------------------------|---------------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Financial liabilities | | |
| Interest Accrued and due on foreign borrowings | 262.97 | 184.65 |
| External Commercial Borrowings | 1,021.05 | 984.91 |
| Total | 1,284.02 | 1,169.56 |
| Sensitivity | | |
| Impact on profit after tax | | |
| INR/USD closing exchange rate | 75.79 | 73.11 |
| INR/USD (increase) by 6% | (13.32) | (9.35) |
| INR/USD decrease by 6% | 13.32 | 9.35 |

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

Note 22 (a) - Income Tax Expenses

The balance comprises temporary differences attributable to :

₹ Millions

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------|-------------------------|
| Income tax expense is attributable to: | | |
| Profit/ (Loss) as per Ind AS from continuing operations before income tax expense | (11.31) | 143.34 |
| Income Tax as per effective Tax Rate of 26% | (2.94) | 37.27 |
| Tax Effect of Permanent timing differences | 2.94 | (37.27) |
| Total Tax Expense | - | - |

Note 22 (b) - Deferred Tax Expenses -

Deferred Tax Assets has not been provided in books due to reasonable uncertainty in realisation of future profit.

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

Note 23 – Financial risk management

The Company activities exposes it to market risk, liquidity risk and credit risk.

This note explains the source of risk which the entity is exposed to and how the entity is manage the risk.

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

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

Commodity risk:

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

Market risk — interest rate risk

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

a) Interest rate risk exposure

₹ Millions

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|--------------------------|-------------------------|-------------------------|
| Variable Rate Borrowings | 4,342.60 | 4,298.69 |
| Fixed Rate Borrowings | - | - |
| Total | 4,342.60 | 4,298.69 |

b) Sensitivity analysis

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

Impact on profit/loss after tax

| | | |
|---|---------|---------|
| Interest rates (increase) by 1 basis points | (36.65) | (36.28) |
| Interest rates decrease by 1 basis points | 36.65 | 36.28 |

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

Liquidity risk - Table

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including debt from banks at an optimized cost. The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 to 60 days. The carrying amounts are assumed to be a reasonable approximation of fair value. The following table analyses financial liabilities by remaining contractual maturities.

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, 2022 | Upto One Year | More than one year | Total |
| Non-derivatives | | | |
| Borrowings | 4,342.60 | - | 4,342.60 |
| Interest on Borrowings | 1,764.92 | - | 1,764.92 |
| Trade and other payables | 151.34 | - | 151.34 |
| Other financial liabilities | 5,584.52 | - | 5,584.52 |
| Total non-derivatives | 11,843.37 | - | 11,843.37 |
| As at March 31, 2021 | Upto One Year | More than one year | Total |
| Non-derivatives | | | |
| Borrowings | 4,298.69 | - | 4,298.69 |
| Interest on Borrowings | 1,294.80 | - | 1,294.80 |
| Trade and other payables | 245.52 | - | 245.52 |
| Other financial liabilities | 5,584.52 | - | 5,584.52 |
| Total non-derivatives | 11,423.53 | - | 11,423.53 |

Note 24 - Capital risk management

The Company objectives when managing capital are to

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

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

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

In order to achieve this overall objective, the Company capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No changes were made in the objectives, policies or processes for managing capital for half year ended March 31, 2022 and March 31, 2021.

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, 2022 | As at 31st March, 2021 |
| Net debt (a) | 4,236.36 | 4,258.74 |
| Equity (b) | 3,713.94 | 3,725.25 |
| Net debt to equity ratio (a) / (b) | 1.14 | 1.14 |

| Particulars | ₹ Millions | |
|--------------------------------|---------------------------------|-----------------------------------|
| | As at March 31, 2022 | As at 31st March, 2021 |
| Net debt (a) | 4,236.36 | 4,258.74 |
| Equity (b) | 3,713.94 | 3,725.25 |
| Net debt plus Equity (c = a+b) | 7,950.31 | 7,984.00 |
| Gearing ratio (a) / c | 0.53 | 0.53 |

KM TOLL ROAD PRIVATE LIMITED**Notes to the Financial Statements as of and for the year ended March 31, 2022****Note 25 - 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 :

Holding Company

Reliance Infrastructure Limited

Key Management Personnel

Rajesh Das - Director

Abhijit Tripathy - Director (cessation w.e.f. June 05, 2020)

Srinivasa Chari Kasoju - Director

Details of transactions and closing balance

| Particulars | ₹ Millions | |
|---|-----------------------|-----------------------|
| | March 31, 2022 | March 31, 2021 |
| Transactions during the year : | - | - |
| Balances at the year end | | |
| Other current liabilities | | |
| Reliance Infrastructure Limited | 54.94 | 54.94 |
| Sub-debts (in nature of equity) | | |
| Reliance Infrastructure Limited | 5,054.50 | 5,054.50 |
| Equity share capital (excluding premium) | | |
| Reliance Infrastructure Limited | 34.09 | 34.09 |

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

Note 26- 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 |
| KM Toll Road Private Limited | Financing, design, building and operation of 71 kilometre long four lane toll road between Kandla and Mundra on National Highway 8A | Period of concession: 2011 - 2036 Remuneration : Toll Investment grant from concession grantor : Nil Infrastructure return at the end of concession period : Yes Investment and renewal obligations : Nil Re-pricing dates : Yearly Basis upon which re-pricing or re-negotiation is determined : Inflation | March 31, 2022 | March 31, 2022 |
| | | | 16,272.19 | 15,445.74 |
| | | | March 31, 2021 | March 31, 2021 |
| | | | 16,364.98 | 15,538.53 |

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

Note - 27 Earning per share

| Particulars | ₹ Millions | |
|---|--------------------------------------|--------------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Profit / Loss attributable to equity shareholders (Rs Millions) (A) | (11.31) | 143.34 |
| Weighted average number of equity shares for basic and diluted earnings per share (B) | 34,09,000 | 34,09,000 |
| Earnings / (Loss) per share (Basic and diluted) (Rupees) (A/B) | (3.32) | 42.05 |
| Nominal value of equity shares (Rupees) | 10.00 | 10.00 |

KM TOLL ROAD PRIVATE LIMITED**Notes to the Financial Statements as of and for the year ended March 31, 2022****Note 28 - Assets pledged as security**

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

₹ Millions

| | March 31, 2022 | March 31, 2021 |
|---|------------------|------------------|
| Current | | |
| Financial assets | | |
| <i>First charge</i> | | |
| Cash and cash equivalents | 106.23 | 39.95 |
| Other Financial Assets | 1866.57 | 1372.59 |
| Non-financial assets | | |
| <i>First charge</i> | | |
| Other Current Assets | 4.70 | 8.48 |
| Total current assets pledged as security | 1,977.50 | 1,421.02 |
| Non-current | | |
| <i>First charge</i> | | |
| Intangible Asset | 12641.41 | 12641.41 |
| Intangible Asset Under Development | 2804.33 | 2,897.13 |
| Total non-current assets pledged as security | 15,445.74 | 15,538.54 |
| Total assets pledged as security | 17,423.24 | 16,959.56 |

Note 29 - Auditor Remuneration

| Particulars | March 31, 2022 | March 31, 2021 |
|-------------|----------------|----------------|
| Audit Fees | 0.03 | 0.03 |
| Others | - | - |
| | 0.03 | 0.03 |

KM TOLL ROAD PRIVATE LIMITED**Notes to the Financial Statements as of and for the year ended March 31, 2022****Note 30 - Disclosure pursuant to para 44 A to 44 E of Ind AS 7 -Cash flow Statements**

₹ Millions

| Particulars | Year Ended March 31,2022 | Year Ended March 31,2021 |
|---|-------------------------------------|-------------------------------------|
| Long term Borrowings | | |
| Opening Balance | - | - |
| - Non Current & Current | 4,298.69 | 6,156.75 |
| Availed during the year/period | - | - |
| Changes in Fair Value | | |
| - Impact of Revaluation of ECB | 36.14 | (45.45) |
| - Impact of Effective Rate of Interest | 7.77 | - |
| Repaid During the year/period | - | (1,812.61) |
| Closing Balance | 4,342.60 | 4,298.69 |
| Interest Expenses | | |
| Interest Charge as per Statement Profit & Loss / Intangible assets under development | 7.77 | - |
| Opening Balance of Interest Accrued | 1,294.80 | 734.98 |
| Changes in Fair Value | | |
| - Impact of Interest unwinding on NHAI Premium | - | - |
| - Impact of Effective Rate of Interest | (7.77) | - |
| - Unwinding of Discount on provisions | - | - |
| Interest charged transfer into claim receivable | 470.12 | 559.82 |
| Others | - | - |
| Closing Balance | 1,764.92 | 1,294.80 |

Note 31 Capital Commitments and other commitments

The Company has terminated the Concession Agreement with National Highways Authority of India (NHAI) for Kandla Mundra Road Project (Project) on May 7, 2019, on account of Material Breach and Event of Default under the provisions of the Concession Agreement by NHAI, so there is no capital contract remaining to be executed for construction of toll roads.

Note 32 Contingent liabilities

There are numerous interpretative issues relating to the Supreme Court (SC) judgment 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 33 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 is agreed between the company and the EPC Contractor that the claims which arose due to events attributed to NHAI 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 Chairman of NHAI and the company. However no settlement could be arrived between NHAI and the Company within the stipulated time. The Company has referred the claims to arbitration. The EPC Contractor has agreed to await the conclusion of process of Arbitration between the Company and NHAI before pursuing further action on the matter. It is agreed between the Company and the EPC Contractor that till such time as 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 the Arbitration process with NHAI.

The Claims referred to Arbitration by the Company amounts to ₹ 21,008.62 Million which also includes the claims of the EPC Contractor amounting to ₹ 638.76 Million.

The Company has also sought for compensation for the delay in reimbursement of such claims by way of interest at the Bank rate plus 5% for all the claims except termination payment for which applicable interest rate is Bank rate plus 3% on the claim amount.

NHAI in the same Arbitration proceedings have not filed any counter claims.

Note 34 – Going Concern

The Company has terminated the Concession Agreement with National Highways Authority of India (NHAI) for Kandla Mundra Road Project (Project) on May 7, 2019, on account of Material Breach and Event of various default by NHAI, under the provisions of the Concession Agreement. Subsequently, the operations of the Project have been taken over by NHAI and NHAI has given a contract to a third party for O&M and toll collection with effect from April 16, 2019. Accordingly, in terms of the provisions of the Concession Agreement, NHAI is liable to pay a termination payment (net amount) estimated at Rs 8661.39 million to the company, as the termination has arisen owing to NHAI Event of Default. The Company has also raised further claim of Rs 1,2347.23 million towards the extended stay beyond the schedule completion period and other claims. Pending final outcome of the notice of termination and possible arbitration proceedings and as legally advised, the claims for the Termination Payment are considered fully enforceable and no accounting for termination of the contract is done. The Company is confident of the positive outcome of the claims so raised. Accordingly, notwithstanding the dependence on above said uncertain events, the company continues to prepare the financial statements on a going concern basis.

Note 35 – Events after reporting period

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

Note 36 – Termination on NHAI Event of Default

As explained in note 31, toll collection rights of the Company was suspended as per order of NHAI vide letter no. NHAI/BOT/DBFO/11012/11/2007/133486 dated 12.04.2019. NHAI appointed Coral Associates to collect toll and deposit the same to the Company's escrow account. As the escrow account is frozen and no right to utilize the funds, the Company has ceased accounting for collection though the toll collections were being deposited in escrow account of the Company initially. Further, the interest on the loans outstanding and exchange rate fluctuation provisions on loans are being accrued and insurance premium incurred after the termination of concession agreement have been considered as claims receivable from NHAI (refer note 5c). As the operation has been taken over by NHAI, NHAI is responsible for all the liabilities related to the project accruing during this period. The Company has not accounted for provision of impairment on its assets as its claim amounts are higher than the value of assets and is confident of a favorable outcome.

Any adjustments, if required, in the books of account on account of above will be carried out on outcome of ongoing disputes with NHAI.

Note 37 Ratio Analysis :-

As explained in note 31, Toll collection rights of the company was suspended and there is no operation/ activities hence ratio analysis is not relevant.

KM TOLL ROAD PRIVATE LIMITED

Notes to the Financial Statements as of and for the year ended March 31, 2022

Note No. 38 - Previous year figures have been regrouped and re-arranged wherever necessary to make them comparable to those for current year.

As per our Report of even date

For Bakliwal & Co.
Chartered Accountants
Firm Registration No. 130381W

For and on behalf of the Board

Ankur Jain
Partner
Membership No. : 197643

Sandeep Joshi Srinivasa Chari Kasoju
Director Director
DIN: 9586595 DIN:08759143

Place: Mumbai
Date: 6th May 2022

Place: Mumbai
Date: 6th May 2022