

Independent Auditors' Report

To the Members of TK Toll Road Private Limited

Report on the Financial Statements

Opinion

We have audited the Financial Statements of **TK Toll Road Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note No. 37 of the Financial Statements which indicates that the Company has incurred a net loss of Rs. 198.58 Million during the year ended March 31, 2020 and as of date the current liabilities exceed the current assets by Rs. 2,045.90 Million. This indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the Statement of the Company has been prepared on a going concern basis for the reasons stated in the said Note.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid Financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”;
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended.

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

- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2020 on its financial position in its Financial statements. - Refer Note 31 on Contingent Liabilities to the Financial statements;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

For Chaturvedi & Shah LLP

Chartered Accountants

Firm Registration No. 101720W/ W100355

Parag D. Mehta

Partner

Membership No. 113904

UDIN: 20113904AAAAAV9839

Place : Mumbai

Date: May 07, 2020

Annexure A to Auditors' Report

Referred to in our Auditors' Report of even date to the members of TK Toll Road Private Limited on the financial statements for the year ended March 31, 2020

- (i) (a) The Company is maintaining proper showing full particulars, including quantitative details and situation of its fixed assets comprising of Intangible Assets.
 - (b) As informed to us, the fixed assets included within the intangible assets have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) The Company does not have any immovable properties, hence the reporting requirements under clause (i)(c) of paragraph 3 of the Order is not applicable.
- (ii) As explained to us, there is no physical inventory in existence and hence, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loan, secured or unsecured, to any company, firm Limited Liability Partnerships or other parties covered in the register maintained under section 189 of Act. Accordingly, provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186(1) of the Act. Further, as the Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186[except for sub-section (1)] are not applicable to it.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues as applicable were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, goods and service-tax, customs duty, excise duty as at March 31, 2020 which have not been deposited on account of a dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not taken any loans or borrowings from any government or debenture holders however the company has defaulted in repayment of loan from financial institution and bank for the following:

- a. The Company has defaulted in repayment of following dues to the banks during the year which were not paid as at Balance Sheet date. Refer Note 9 (4) of the financial statement:

Name of Lender	Borrowing		Interest	
	Amount in Million	Period (Maximum days)	Amount in Million	Period (Maximum days)
Canara Bank	162.82	640	16.27	*
Corporation Bank	103.91	640	2.68	*
India Infrastructure Finance Company Limited (IIFCL)	159.06	640	-	-
Indian Overseas Bank	87.02	640	1.54	*
Oriental Bank of Commerce	69.01	640	0.02	*
UCO Bank	103.99	640	0.12	*
Bank of India	-	-	3.04	*
Total	685.81		23.66	

*As per the confirmation received from respoective lenders, penal interest and additional interest charged by lenders has been accounted for as on 31st March 2020 by the company amounting to Rs. 23.66 million, which are under discussion with lender for its waiver.

Refer note 9 (3) of financial statement, due to covid-19 RBI has allowed moratorium for 3 months for repayment of interest and principal which the Company has opted for. Also refer note 31(2).

- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and in our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, the Company has not paid/provided any managerial remuneration as on March 31, 2020 and accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Chaturvedi & Shah & LLP

Chartered Accountants

Firm's Registration No. 101720W/W100355

Parag D. Mehta

Partner

Membership No. 113904

UDIN: 20113904AAAAAV9839

Place: Mumbai

Date: May 07, 2020

Annexure – B to Auditor’s report

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

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

We have audited the internal financial controls with reference to financial statements of TK Toll Road Private Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to the Financial Statements

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

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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with respect to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Chaturvedi & Shah & LLP

Chartered Accountants

Firm Registration No. 101720W/W100355

Parag D. Mehta

Partner

Membership No. 113904

UDIN: 20113904AAAAAV9839

Place : Mumbai
Date : May 07, 2020

TK Toll Road Private Limited
Balance Sheet as at March 31, 2020

Rs. Millions

Particulars	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Concession Intangible assets	4	6,400.46	6,582.21
(b) Deferred tax assets (net)	27(c)	224.81	155.03
(c) Other non - current assets	6	0.91	0.78
(d) Advance Tax Assets (Net)		0.91	0.95
Total Non-Current Assets		6,627.09	6,738.97
Current assets			
(a) Financial Assets			
(i) Cash and cash equivalents	5a	38.98	4.35
(ii) Loans	5b	0.13	0.13
(iii) Other financial asset	5c	13.37	16.56
(b) Other current assets	7	7.23	7.23
Total Current Assets		59.71	28.27
Total Assets		6,686.80	6,767.24
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	8	127.56	127.56
(b) Subordinated debt (in nature of Equity)	9a	2,150.40	2,150.40
(c) Other equity	9b	833.07	1,032.00
Total Equity		3,111.03	3,309.96
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
Borrowings	10a	1,470.10	1,963.67
(b) Provisions	13b	0.06	0.70
Total Non-Current Liabilities		1,470.16	1,964.37
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	10b	73.30	-
(ii) Trade payables			
Total outstanding due of micro enterprises & small enterprises	11	-	-
Total outstanding dues of creditors other than micro enterprises & small enterprises		55.77	56.44
(iii) Other financial liabilities	12	1,678.40	1,222.79
(b) Other current liabilities	14	0.77	1.15
(c) Provisions	13a	297.37	212.51
Total Current Liabilities		2,105.61	1,492.90
Total Equity and Liabilities		6,686.80	6,767.24

The accompanying notes are an integral part of the financial statements
As per our attached report of even date.

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

For and on behalf of the Board

Parag D. Mehta
Partner
Membership No. 113904
Date: 07th May 2020
Place: Mumbai

Rajesh Das
Director
DIN no : 08717511
Date: 07th May 2020
Place: Mumbai

Shailendra H Jain
Director
DIN no : 06393281

Yogesh Jain
Chief Financial Officer
Date: 07th May 2020
Place: Mumbai

TK Toll Road Private Limited
Statement of Profit and Loss for the year ended March 31, 2020

Rs. Millions

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from Operations	15	433.42	405.42
Other Income	16	0.01	137.00
Total Income		433.43	542.42
Expenses			
Toll Operation and Maintenance expenses	17	133.13	124.09
Employee benefits expense	18	5.51	5.62
Finance costs	19	362.25	331.16
Amortization expense	4	181.74	169.97
Other expenses	20	19.03	14.70
Total expenses		701.66	645.53
Loss before tax		(268.23)	(103.12)
Tax expense			
Current tax		-	-
Deferred tax charge/(credit)		(69.65)	20.62
Loss for the year		(198.58)	(123.73)
Other Comprehensive Income			
- Items that will not be reclassified to profit/loss			
Remeasurements of net defined benefit plans : Gains / (Loss)		(0.48)	0.68
- Income tax relating to above		(0.13)	0.18
Other Comprehensive Income/(Loss)		(0.35)	0.50
Total Comprehensive Income /(Loss)		(198.93)	(123.23)
Earnings/(loss) per equity share (Face value of Rs. 10 per share)			
Basic & Diluted	35	(15.57)	(9.70)

The accompanying notes are an integral part of the financial statements

As per our attached report of even date.

For Chaturvedi & Shah LLP

Chartered Accountants
Firm's Regn. No. 101720W/W100355

Parag D. Mehta

Partner
Membership No. 113904
Date: 07th May 2020
Place: Mumbai

For and on behalf of the Board

Rajesh Das

Director
DIN no : 08717511
Date: 07th May 2020
Place: Mumbai

Shailendra H Jain

Director
DIN no : 06393281

Yogesh Jain

Chief Financial Officer
Date: 07th May 2020
Place: Mumbai

TK Toll Road Private Limited

Cash flow Statement for the year ended March 31, 2020

Rs. Millions

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before tax	(268.23)	(103.14)
<i>Adjustments for:</i>		
Amortisation expenses	181.74	169.97
Net (gain)/loss on sale of investments	-	(0.29)
Interest expense	362.25	331.16
Provision of Gratuity & Leave encashment	0.13	(0.51)
Excess Provision written back	<u>(0.01)</u>	<u>(135.65)</u>
	275.88	261.53
Cash Generated from Operations before working capital changes		
<i>Adjustments for:</i>		
(Increase)/decrease in financial assets except for investments	3.19	(5.87)
(Increase)/decrease in other current assets	(0.00)	(0.14)
Increase/(decrease) in trade payables	(0.67)	8.75
Increase/(decrease) in other financial liabilities	(0.40)	(1.35)
Increase/(decrease) in provisions	57.98	51.87
Increase/(decrease) in other current liabilities	<u>(0.38)</u>	<u>(0.09)</u>
	59.72	53.17
Cash generated from operations	335.60	314.70
Taxes (paid) net of refunds	<u>0.04</u>	<u>3.62</u>
Net cash generated from operating activities - [A]	335.64	318.32
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of current investments (net of proceeds)	-	0.29
Net cash (used in) / generated from investing activities - [B]	<u>-</u>	<u>0.29</u>
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Sub-debt	-	35.20
Proceeds from inter-corporate deposits (short term borrowings)	73.30	-
Repayment of long term borrowings	(73.30)	(42.06)
Interest paid	<u>(301.01)</u>	<u>(313.73)</u>
Net cash used in financing activities - [C]	(301.01)	(320.60)
Net increase/(decrease) in cash and cash equivalents - [A+B+C]	34.62	(1.98)
Add: Cash and cash equivalents at the beginning of the year	4.35	6.32
Cash and cash equivalents at the end of the year	38.98	4.35
Components of Cash and cash equivalents		
Balances with banks - in Current accounts	38.98	2.45
Deposits with maturity of less than three months	-	-
Cash on hand	-	1.90
Total Cash and cash equivalents [Refer Note 5(a)]	38.98	4.35

The balance in current account with banks of Rs. 38.59 million (Rs. 1.86 million) lying in Escrow account with bank held as security against borrowings.

The accompanying notes are an integral part of the financial statements
As per our attached report of even date.

For Chaturvedi & Shah LLP

Chartered Accountants
Firm's Regn. No. 101720W/W100355

Parag D. Mehta

Partner
Membership No. 113904
Date: 07th May 2020
Place: Mumbai

For and on behalf of the Board**Rajesh Das**

Director
DIN no : 08717511
Date: 07th May 2020
Place: Mumbai

Shailendra H Jain

Director
DIN no : 06393281

Yogesh Jain

Chief Financial Officer
Date: 07th May 2020
Place : Mumbai

TK Toll Road Private Limited
Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

Rs. Millions

Particulars	Note	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
For the year ended 31st March, 2019		127.56	-	127.56
For the year ended 31st March, 2020	8	127.56	-	127.56

B. SUB-ORDINATED DEBT (in nature of equity)

Particulars	Note	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
For the year ended 31st March, 2019		2,115.20	35.20	2,150.40
For the year ended 31st March, 2020	9a	2,150.40	-	2,150.40

C. OTHER EQUITY

	Reserves and Surplus		Total
	Securities Premium Reserve	Retained Earnings	
Balance at April 01, 2018	1,337.14	(181.89)	1,155.25
Loss for the year	-	(123.76)	(123.76)
Other comprehensive income for the year		0.50	0.50
Total comprehensive income for the year	-	(123.26)	(123.26)
Balance at 31st March, 2019	1,337.14	(305.15)	1,032.00
Balance at April 01, 2019	1,337.14	(305.15)	1,032.00
Loss for the year		(198.58)	(198.58)
Other comprehensive income for the year		(0.35)	(0.35)
Total comprehensive income for the year	-	(198.93)	(198.93)
Balance at 31st March, 2020	1,337.14	(504.07)	833.07

As per our report of even date attached

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

For and on behalf of the Board

Parag D. Mehta
Partner
Membership No. 113904
Date: 07th May 2020
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Rajesh Das
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Director
DIN no : 06393281

Yogesh Jain
Chief Financial Officer
Date: 07th May 2020
Place: Mumbai

TK Toll Road Private Limited

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

Note 1: Corporate information

TK Toll Road Private Limited ("the Company") was incorporated on March 26, 2007, has been awarded on Build, Operate and Transfer (BOT) basis, strengthening of the existing carriageway from Km. 138.80 to Km. 218 on the Trichy – Karur section of National Highway No. 67 in the State of Tamil Nadu and widening thereof to 4 lanes and its improvement, operation and maintenance through a concession on Build, Operate and Transfer (BOT) basis under the Concession Agreement dated July 19, 2007 with National Highways Authority of India. The Concession Agreement is for a period of 30 years from January 15, 2008 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 were authorized for issue by the Company's Board of Directors on May 07, 2020 Pursuant to the provisions of section 130 of the Act the Central Government, income tax authorities and other statutory regulatory body and section 131 of the Act the board of directors of the Company have powers to amend / re-open the financial statements approved by the board / adopted by the members of the Company.

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

Note 2: Basis of preparation

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

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

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

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

Note 3: Summary of Significant accounting policies

3.1 Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

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

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

3.2 Functional and presentation currency

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

3.3 Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Disclosures for valuation methods, significant estimates and assumptions of Financial instruments (including those carried at amortised cost (note 21) and Quantitative disclosures of fair value measurement hierarchy (note 22).

3.4 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.

3.5 Accounting of intangible assets under service concession arrangement

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

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

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

Amortization of concession intangible assets

The Intangible asset recognized are amortised over the concession period on the basis of projected toll revenue which reflects the pattern in which the assets economic benefits are consumed. The projected total toll revenue is based on the independent traffic volume projections; Amortization is revised in case of any material change in the expected pattern of economic benefits. Refer note 25 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.

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

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.

3.6 Taxes

Current Tax

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

Minimum Alternate Tax ('MAT') under the provisions of Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is 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 recognized amounts; and
- b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

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

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

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

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

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

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

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

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

3.7 Borrowing costs

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

3.8 Leases

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

3.9 Contingent liabilities and contingent Assets

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

3.10 Impairment of non-financial assets

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

3.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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

3.12 Employee benefits

(i) Short term obligations

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

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

(ii) Leave obligations

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

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

(iii) Post - employment obligations

The Company operates various post-employment schemes, including

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

Gratuity Obligations

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

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

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

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

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

Defined Contribution plans

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

3.13 Cash and cash equivalents

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

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

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

3.14 Financial instruments

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

Financial assets

Initial recognition and measurement

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

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

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

Financial Assets at amortised cost

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

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

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

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

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

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

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

De-recognition

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

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

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

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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 NHA
- Loans given to employees

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

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

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

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

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

Financial Liabilities

Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value.

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

Subsequent measurement

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

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

Loans and borrowings

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

Trade Payables

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

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

Retention money payable

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

De-recognition

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

Offsetting of financial instruments

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

3.15 Segment information

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

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

3.16 Critical accounting estimates and judgements

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

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

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

The Company has determined that Appendix 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

TK Toll Road Private Limited

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

which the Company would participate in the Design, Build, Finance, Operate and Transfer (DBFOT) basis the toll roads infrastructure. After the end of the concession arrangement, the Company has to transfer the infrastructure i.e. toll roads constructed to National Highway Authorities of India (NHAI).

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

(ii) Income taxes

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

(iii) Amortization of concession intangible assets

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

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

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

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

3.17 Recent accounting pronouncements

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

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

Note 4 - Concession Intangible assets

Rs. Millions

Particulars	Toll Collection rights
Year ended March 2019	
Opening gross carrying amount	6,971.00
Additions	-
Adjustments/Disposals	-
Closing gross carrying amount	6,971.00
Accumulated amortisation and impairment	
Opening accumulated amortisation and impairment	218.82
amortisation charge for the period	169.97
Disposals	-
Closing accumulated amortisation and impairment	388.79
Net carrying amount	6,582.21
Year ended March 2020	
Opening gross carrying amount	6,971.00
Additions	-
Adjustments/Disposals	-
Closing gross carrying amount	6,971.00
Accumulated amortisation and impairment	
Opening accumulated amortisation and impairment	388.79
amortisation charge for the period	181.74
Disposals	-
Closing accumulated amortisation and impairment	570.54
Net carrying amount	6,400.46

Note :

The above Intangible Asset are pledged as security with Lenders.

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

Rs. Millions

Particulars	As at March 31, 2020	As at March 31, 2019
Note 5 - Financial Assets - Current		
Note 5 (a) - Cash and Cash equivalents		
Balances with banks		
- in current accounts	38.98	2.45
Cash on hand	-	1.90
	38.98	4.35
Note 5 (b) - Loans		
Unsecured, considered good		
Security deposits	0.13	0.13
	0.13	0.13
Note 5 (c) - Other financial assets - current		
Retention money receivable from NHAI	1.65	1.65
Others	11.57	11.82
Claims receivable from NHAI	0.15	3.09
	13.37	16.56
Note 6 - Other non-current assets		
Gratuity Advance	0.91	0.78
	0.91	0.78
Note 7 - Other Current assets		
Advance to vendors	0.10	0.10
Advance to employees	0.15	0.14
Prepaid Expenses	0.75	0.76
Duties and taxes receivable	6.23	6.23
	7.23	7.23

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

Note 8 - Share Capital and Other equity

Rs. Millions

Particulars	Shares	As at March 31, 2020	As at March 31, 2019
Note 8a - Authorised Share Capital			
At the beginning of the year	1,60,00,000	160.00	160.00
Add : Increase during the year	of ` 10 each	-	-
At the end of the year		160.00	160.00
Note 8b - Issued, subscribed and paid-up equity share capital			
At the beginning of the year	1,27,55,650	127.56	127.56
Add : Increase during the year	of ` 10 each	-	-
At the end of the year		127.56	127.56

Note 8c - Terms and rights attached to equity shares

The Company has only one class of shares referred to as Equity Shares having a Par Value of Rs.10/-. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 8d - Reconciliation of nos of Shares

Nos of Shares at the beginning of the year	1,27,55,650	1,27,55,650
Add : Nos of Shares issued during the year	-	-
Nos of Shares at the end of the year	1,27,55,650	1,27,55,650

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

Reliance Infrastructure Limited (Holding Company) & its nominees	1,27,55,650	1,27,55,650
--	-------------	-------------

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

Reliance Infrastructure Limited		
Nos of Shares	1,27,55,650	1,27,55,650
% of holding	100%	100%
The holding company has pledged 38,26,695 (P.Y 38,26,695) Equity Shares for availing various term loans.		

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

Rs. Millions

Particulars	As at March 31, 2020	As at March 31, 2019
Note 9a - Sub-ordinated debt (in nature of equity)		
At the beginning of the year	2,150.40	2,115.20
Increase / (decrease) during the year	-	35.20
At the end of the year	2,150.40	2,150.40

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 company for the project, which is unsecured and interest free as per Common Loan Agreement with the lenders;
- ii) No repayment/redemption/interest servicing allowed during the moratorium year of the long term project loan.

Note 9b - Other Equity - Reserves & Surplus

Retained Earnings	(504.07)	(305.15)
Securities Premium Account	1,337.14	1,337.14
	833.07	1,032.00

Note 9 (b)(i)- Retained Earnings

At the beginning of the year	(305.15)	(181.89)
Net Profit/(loss) for the year	(198.58)	(123.76)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasuremens of post-employements obligations (net of tax)	(0.35)	0.50
Dividends paid during the period	-	-
At the end of the year	(504.07)	(305.15)

Note 9 (b)(ii) - Securities Premium Account

At the beginning of the year	1,337.14	1,337.14
Premium on shares issued during the year	-	-
At the end of the year	1,337.14	1,337.14

Nature and purpose of securities premium

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

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

Rs. Millions

Particulars	As at March 31, 2020	As at March 31, 2019
Note 10 (a) - Borrowings - Non current		
Secured		
Term loans		
From banks		
Rupee term loan	1,168.25	1,560.57
From financial institutions		
Rupee term loan	301.85	403.10
Total	1,470.10	1,963.67

1) Secured Term Loan from Banks & Financial Institutions of Rs. 2,770.94 million (Principal undiscounted amount) are secured as under :

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

- a first ranking pari passu mortgage/charge over all the Borrower's immovable and movable properties, both present and future, except
- a first ranking on receivables, book debts, cash and cash equivalents including any other bank accounts and other assets, present and future.
- a first ranking on government approvals, insurance policies, uncalled capital, project documents, guarantees, letter of credit, performance warranties, indemnities, and securities given to the Company.
- a first ranking pari passu charge over / assignment of the right, title, interests, benefits, claims and demands of the Borrower in, to and under any letter of credit, guarantees (except the guarantees issued in favour of NHAI) including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents.
- The applicable interest rate for rupee term loan is 10.80% p.a
- Due to inability of the Company to repay the overdue amount of loans installments, UCO Bank and Bank of India ('lenders') have stopped charging monthly interest respectively from the date of classifying the account as NPA, However the Company has been regular in paying the interest amount on a monthly basis and the lenders has adjusted the interest paid amount in principal outstanding, due to which the loans outstanding balance as per lender's balance confirmation and as per books of accounts has not been matched.
- Further the Company is also in advanced stages of discussion with its lenders for restructuring of their loans and is confident that the restructuring plan would be approved and difference in loans balance would get resolved in next financial year.

2) Due to the outbreak of COVID-19, RBI has allowed a 3 month moratorium in respect of all term loans including principal and interest, Thus the Company has opted moratorium period and notify all consortium lenders that we require this 3 month moratorium allowed by RBI and request to all lenders not to charge debt servicing dues for 3 months including month of March 2020.

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

Particulars	Loan from	
	Banks	Financial Institutions
Principal accrued and due	526.75	159.10
FY 2020-21	488.56	126.00
FY 2021-22	523.50	135.00
FY 2022-23	523.50	135.00
FY 2023-24	121.68	31.85
Total	2,183.99	586.95

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

Name of Lender	Principal amount Rs. Million	As at March 31,2020 (Maximum no of days)	Interest Accured & Due Rs. Million	* As at March 31,2020 (Maximum no of days)
Canara bank	162.82	640	16.27	*
Corporation Bank	103.91	640	2.68	*
IIFCL	159.06	640	-	
IOB	87.02	640	1.54	*
OBC Bank	69.01	640	0.02	*
UCO Bank	103.99	640	0.12	*
Bank of India	-		3.04	*
Total	685.81		23.66	

* As per the confirmation received from respective lenders, penal Interest & additional interest charged by lenders has been accounted for as on 31st March 2020 by the company amounting to Rs. 23.66 million, which are under discussion with lender for its waiver.

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

Particulars	Rs. Millions	
	As at March 31, 2020	As at March 31, 2019
Note 10 (b) - Borrowings - Current		
Unsecured		
(unsecured, repayable on demand and interest free)		
Loan from related parties (Refer Note no 26)	73.30	-
	<u>73.30</u>	<u>-</u>
Note 11 - Trade Payables		
Total outstanding due of micro enterprises & small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises & small enterprises	55.77	56.44
	<u>55.77</u>	<u>56.44</u>
(a) Dues to Micro and Small Enterprises		
Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the company. There are no overdue principal amounts/interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous years.		
Note 12 - Other financial liabilities - current		
Current Maturities of long term debt	1,300.41	879.84
Interest accrued but not due	11.78	-
Interest accrued and due	23.66	-
Creditors for Capital expenditure	154.19	154.19
Employee benefits payable	0.60	1.00
Retention money payable	187.76	187.76
Total	<u>1,678.40</u>	<u>1,222.79</u>
Note 13 (a) - Provisions - Current		
Current		
Provision for employee benefits		
- Leave encashment	0.01	0.11
Others		
- Resurfacing expenses	297.36	212.40
	<u>297.37</u>	<u>212.51</u>
Note 13 (b) - Provisions - Non - Current		
Provision for employee benefits		
- Leave encashment	0.06	0.70
	<u>0.06</u>	<u>0.70</u>
Movement in provision during the financial year is set out as below:		
Resurfacing provisions		
At the beginning of the year	212.40	277.88
Charged / (credited) to profit or loss		
Additional Provision recognised	59.47	53.10
Excess MMR provision reversed	-	(135.65)
Unwinding of discount	25.49	17.07
At the end of the year	<u>297.36</u>	<u>212.40</u>
Resurfacing provisions - significant estimates		
As per the service concession arrangement with NHAI, the company is obligated to carry out resurfacing of the roads under concession. The company estimates the likely provision required towards resurfacing and accrues the costs on a straight line basis over the period at the end of the which resurfacing would be required, in the Statement of Profit and Loss in accordance with Ind AS 37 ' Provisions, Contingent Liabilities and Contingent Assets'.		
Note 14 - Other current liabilities		
Duties and taxes payable	0.77	1.15
	<u>0.77</u>	<u>1.15</u>

TK Toll Road Private Limited

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

Rs. Millions

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Note 15 - Revenue		
Operating income		
- Income from toll collections	433.42	405.42
	433.42	405.42
Note 16 - Other income		
Profit/Loss on redemption of mutual fund	-	0.29
- Others	-	0.22
Excess provision for MMR written back	-	135.65
Excess provision for Gratuity/ Leave Encashment written back	0.01	0.83
	0.01	137.00
Note 17 - Toll Operation and Maintenance expenses		
Subcontracting expenses	37.58	32.19
Maintenance of Roads	90.04	84.64
Electricity expenses	3.76	3.30
Handling Charges	0.45	0.80
Site and other direct expenses	1.30	3.16
	133.13	124.09
Note 18 - Employee benefits expenses		
Salaries wages and bonus	4.79	4.77
Contribution to provident funds and other funds	0.33	0.29
Gratuity	-	0.27
Leave encashment	0.29	-
Staff welfare expenses	0.10	0.28
	5.51	5.62
Note 19 - Finance Costs		
Interest on loan	331.71	308.83
Unwinding of discount on provisions	25.49	17.07
Other finance charges	5.05	5.26
	362.25	331.16
Note 20 - Other expenses		
Rent	0.23	0.13
Rates & taxes	0.01	0.02
Insurance	2.79	2.70
Legal and Professional Charges	14.33	10.76
Auditors Remuneration		
- Audit Fees	0.24	0.24
- Certification Fees	-	0.02
Travelling and Conveyance	0.33	0.23
Other miscellaneous expenses	1.11	0.62
	19.03	14.70

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

Note 21 - Fair value measurements

Financial Instruments by category

Significance of financial instruments

Rs. Millions

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
At amortised Cost		
Security Deposits	0.13	0.13
Insurance Claim receivables	11.57	11.82
Retention Money receivable from NHAI	1.65	1.65
Cash and Cash equivalent	38.98	4.35
Claims receivable from NHAI	0.15	3.09
Total financial assets	52.61	21.16
Financial liabilities		
At amortised Cost		
Borrowings	2,843.81	2,843.51
Trade Payables	55.77	56.44
Retention money payable	187.76	187.76
Interest accrued but not due	11.78	-
Interest accrued and due	23.66	-
Employee Benefits Payable	0.60	1.00
Creditors for capital expenditure	154.19	154.19
Total financial liabilities	3277.57	3242.89

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

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

Rs. Millions

Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities		
Carrying value of financial liabilities at amortised cost		
Floating rate borrowings	2,770.51	2,843.51
Retention money	187.76	187.76
	2,958.27	3,031.27
Fair value of financial liabilities carried at amortised cost		
Floating rate borrowings	2,770.51	2,843.51
Retention money	187.76	187.76
	2,958.27	3,031.27

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.

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

Note 22 - Fair value Hierarchy

	Rs. Millions	
(a) Fair value hierarchy - Assets and liabilities which are measured at amortised cost for which fair values are disclosed	As at March 31, 2020	As at March 31, 2019
Financial liabilities		
Level 3		
Floating Rate Borrowings	2770.51	2843.51
Retention money payable	187.76	187.76
Total financial liabilities	2958.27	3031.27

Recognised fair value measurements

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

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

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

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

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

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

Note 23 – Financial risk management

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

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

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

Commodity risk:

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

Market risk — interest rate risk

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

a) Interest rate risk exposure

Particulars	Rs. Millions	
	As at March 31, 2020	As at March 31, 2019
Variable Rate Borrowings	2,770.51	2,843.51
Fixed Rate Borrowings	-	-
Total	2,770.51	2,843.51

b) Sensitivity analysis

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

Impact on profit/loss after tax	As at March 31, 2020	As at March 31, 2019
Interest rates (increase) by 1 basis points	(23.38)	(22.46)
Interest rates decrease by 1 basis points	23.38	22.46

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

Liquidity risk - Table

Rs. Millions

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

As at March 31, 2020	Less than 1 year	More than 1 year	Total
Non-derivatives			
Borrowings	1,465.04	1,305.90	2,770.94
Interest on borrowings	221.00	158.21	379.21
Trade and other payables	55.77	-	55.77
Other financial liabilities	342.55	-	342.55
Total non-derivatives	2,084.35	1,464.11	3,548.47
As at March 31, 2019	Less than 1 year	More than 1 year	Total
Non-derivatives			
Borrowings	879.84	1,964.40	2,844.24
Interest on borrowings	245.42	343.77	589.19
Trade and other payables	56.44	-	56.44
Other financial liabilities	342.95	-	342.95
Total non-derivatives	1,524.64	2,308.17	3,832.81

TK Toll Road Private Limited**Notes to Financial Statements as of and for the year ended March 31, 2020****Note 24 - Capital risk management**

The company's objectives when managing capital are to

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

For the purpose of the company's capital management, capital includes issued equity capital, share premium 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 condition 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-ordinated 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's 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 the year ended March 31, 2020 and March 31, 2019.

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

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

Particulars	As at March 31, 2020	Rs. Millions
		As at March 31, 2019
Net debt (a)	2,804.83	2,839.15
Equity (b)	3,111.02	3,309.95
Net debt to equity ratio (a) / (b)	0.90	0.86

Particulars	As at March 31, 2020	Rs. Millions
		As at March 31, 2019
Net debt (a)	2,804.83	2,839.15
Equity (b)	3,111.02	3,309.95
Net debt plus Equity (c = a+b)	5,915.85	6,149.10
Gearing ratio (a) / c	0.47	0.46

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

Note 25- Concession arrangements - Main features

Rs. Millions

Name of entity	Description of the arrangement	Significant terms of the arrangement	Intangible Assets		Financial Asset
			Gross book value	Net book value	
TK Toll Road Private Limited	Financing, design, building and operation of 61 kilometre long six lane toll road between Trichi and Karur on National Highway 67	Period of concession: 2008 - 2038 Remuneration : Toll Investment grant from concession grantor : Yes Infrastructure return at the end of concession period : Yes Investment and renewal obligations : Nil Re-pricing dates : Yearly Basis upon which re-pricing or re-negotiation is determined : Inflation Premium payable to grantor : Nil	March 31, 2020 6,971.00	March 31, 2020 6,400.46	March 31, 2020 -
			March 31, 2019 6,971.00	March 31, 2019 6,582.21	March 31, 2019 -

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

Note : 26 Related Party Transaction

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

Parties where control exists

Holding Company - Reliance Infrastructure Limited

Key Management Personnel

Madan Biyani - Director (Upto March 05, 2020)
Amitabh Jha - Director (Upto January 28, 2020)
Shailendra H Jain - Director (w.e.f January 28, 2020)
Rajesh Das- Director (w.e.f March 05, 2020)
Yogesh Jain -Chief Financial Officer (w.e.f. February 7, 2017)

Rs. Millions

Details of transactions and closing balance:

Particulars	March 31, 2020	March 31, 2019
Transactions during the year :-		
Toll operation and maintenance expenses (including project execution support services)		
Reliance Infrastructure Limited	-	2.01
Reimbursement of expenditure paid by		
Reliance Infrastructure Limited	0.13	0.16
Sub-debts received (in nature of equity)		
Reliance Infrastructure Limited	-	35.20
Inter-corporate deposit received during the year		
Reliance Infrastructure Limited	73.30	
Balances at the year end :-		
Inter-corporate deposit		
Reliance Infrastructure Limited	73.30	-
Trade payables		
Reliance Infrastructure Limited	23.48	23.48
Sub-debts (in nature of equity)		
Reliance Infrastructure Limited	2,150.40	2,150.40
Equity share capital (excluding premium)		
Reliance Infrastructure Limited	127.56	127.56

(B) Key Management Personnel (KMP) and details of transactions with KMP :

Independent Director's Sitting fees

Shri Yogendra Narain	-	0.02
Ms. Rashna Khan	-	0.02

During the year no payment was made to Key Management Personnel (KMP).

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

Note 27: Income and deferred taxes

27(a) Income tax expense

Rs. Millions

	March 31, 2020	March 31, 2019
(a) Income tax expense		
<i>Current tax</i>		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
Total current tax expense	-	-
<i>Deferred tax</i>		
Decrease/(increase) in deferred tax assets	(78.98)	63.27
(Decrease)/increase in deferred tax liabilities	9.20	(42.65)
Total deferred tax expense/(benefit)	(69.78)	20.62
Income tax expense	(69.78)	20.62
Income tax expense is attributable to:		
Profit from continuing operations	(69.78)	20.62

27(b) Reconciliation of tax expense and the accounting profit multiplied by Indi:

	March 31, 2020	March 31, 2019
Profit from operations before income tax expense	(268.71)	(102.46)
Tax at the Indian tax rate of 26%	(69.86)	(26.64)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Income not considered for Tax purpose	-	(0.08)
Expenses not allowed for tax purpose	0.08	47.33
Income tax expense charged to statement of Profit and Loss	(69.78)	20.61

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

The balance comprises temporary differences attributable to :

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liability on account of :		
Intangible assets	321.69	295.38
Impact of effective interest rate on borrowings	0.11	0.19
Total Deferred tax Liabilities	321.80	295.57
Deferred tax asset on account of :		
Unabsorbed losses	469.29	395.17
Retention Money Payable	77.30	55.22
Retirement benefit obligation	0.02	0.21
Total Deferred tax Assets	546.61	450.61
Net deferred tax (liability)/asset	224.81	155.03

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

Note 28 : Assets pledged as security

Rs. Millions

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

	Note	March 31, 2020	March 31, 2019
Current			
Financial assets			
<i>First charge</i>			
Cash and cash equivalents	5a	38.98	4.34
Other Financial Assets	5c	13.37	16.55
Non-financial assets			
<i>First charge</i>			
Other Current Assets	7	7.23	7.24
Total current assets pledged as security		59.58	28.13
Non-current			
<i>First charge</i>			
Intangible Asset	4	6,400.46	6,582.20
Other non current assets	6	0.91	0.78
Total non-current assets pledged as security		6,401.37	6,582.98
Total assets pledged as security		6,460.95	6,611.11

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

Particulars	Year Ended March 31,2020	Year Ended March 31,2019
Long term Borrowings		
Opening Balance	2,843.50	2,885.20
Availed during the year	-	-
Changes in Fair Value		
- Impact of Effective Rate of Interest	0.31	0.37
Less : Repayment During the year	73.30	42.06
Closing Balance	2,770.51	2,843.50

Short term Borrowings		
Opening Balance	-	-
Add : Availed during the year	73.30	-
Less : Repaid During the year	-	-
Closing Balance	73.30	-

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

Interest Expenses		
Interest Charge as per Statement Profit & Loss	362.25	331.16
Changes in Fair Value		
- Impact of Effective Rate of Interest	(0.31)	(0.37)
- Unwinding of Discount on provisions	(25.49)	(17.07)
- Unwinding of Discount on retention money	-	-
Interest paid to Lenders	(301.01)	(313.73)
Closing Balance	35.44	-

TK Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2020

Note 30-Gratuity and other post-employment benefit plans

Rs. Millions

a) Defined contribution plan

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

Particulars	As at March 31, 2020	As at March 31, 2019
Contribution to provident fund and other funds	0.33	0.28
Total	0.33	0.28

a) Defined benefit plan

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

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

Particulars	As at March 31, 2020	As at March 31, 2019
Opening defined benefit liability / (assets)	0.75	2.00
Net employee benefit expense recognised in the employee cost		
Current service cost	0.08	0.28
Interest cost on benefit obligation	0.06	0.15
Net benefit expense	0.14	0.43
Amount recorded in Other Comprehensive Income (OCI)		
Measurement during the period due to :		
Actuarial loss / (gain) arising from change in financial assumptions	(0.01)	(0.29)
Actuarial loss / (gain) arising on account of experience changes	0.03	(0.79)
Experience (gains)/losses	0.79	(0.13)
Amount recognized in OCI	0.81	(1.21)
Benefit Paid	(0.61)	(0.47)
Closing net defined benefit liability / (asset)	1.08	0.75

Particulars	As at March 31, 2020	As at March 31, 2019
Opening fair value of plan assets	1.92	1.89
Net employee benefit expense recognised in the employee cost		
Interest cost on benefit obligation	0.14	0.16
(Gain) / losses on settlement	-	-
Net benefit expense	0.14	0.16
Amount recorded in Other Comprehensive Income (OCI)		
Measurement during the period due to :		
Return on plan assets, excluding amounts included in interest expense/(income)	(0.08)	(0.13)
Amount recognized in OCI	(0.08)	(0.13)
Employer contributions/premiums paid	-	0.47
Benefits Paid	-	(0.47)
* Closing fair value of plan assets	1.99	1.92

TK Toll Road Private Limited
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The net liability disclosed above relates to funded plan is as follows:

Millions

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of funded obligations	1.08	0.75
Fair value of plan assets	1.99	1.92
Amount not recognised as an asset (asset ceiling)	-	0.40
	<u>(0.91)</u>	<u>(0.78)</u>
Net liability is bifurcated as follows :		
Current	-	-
Non-current	<u>(0.91)</u>	<u>(0.78)</u>
Total	<u>(0.91)</u>	<u>(0.78)</u>

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	5.76%	7.50%
Expected rate of return on plan assets (p.a.)		
Salary escalation rate (p.a.)	3.00%	5.00%
Mortality pre-retirement	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

A quantitative analysis for significant assumption is as shown below:

Particulars	As at March 31, 2020	As at March 31, 2019
Assumptions -Discount rate		
Sensitivity Level	100 bp	50 bp
Impact on defined benefit obligation -in % increase	-2.97%	-3.25%
Impact on defined benefit obligation -in % decrease	3.18%	3.43%
Assumptions -Future salary increases		
Sensitivity Level	100 bp	50 bp
Impact on defined benefit obligation -in % increase	3.24%	3.50%
Impact on defined benefit obligation -in % decrease	-3.07%	-3.34%

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

Particulars	As at March 31, 2020	As at March 31, 2019
Within the next 12 months (next annual reporting period)	0.17	0.07
Between 2 and 5 years	0.74	0.40
Between 6 and 9 years	0.27	0.27
For and Beyond 10 years	0.14	0.60
Total expected payments	1.32	1.33
The average duration of the defined benefit plan obligation at the end of the reporting period	5 years	6.68 years

Plan Assets Composition

Particulars	As at March 31, 2020	As at March 31, 2019
Non Quoted		
* Insurer Managed Funds	1.99	1.92
	<u>1.99</u>	<u>1.92</u>
* As per Actuarial Valuation Report		
A reconciliation of the asset ceiling during the inter-valuation period is given below:		
Opening value of asset ceiling	0.40	-
Add : Interest on opening balance on asset ceiling	-	-
Remeasurement due to :	(0.40)	
Changes in surplus/deficiet	-	0.40
closing value of asset ceiling	<u>-</u>	<u>0.40</u>

TK Toll Road Private Limited**Notes to Financial Statements as of and for the year ended March 31, 2020****Note 31 - Contingent liabilities**

Particulars	Rs. Millions	
	As at March 31, 2020	As at March 31, 2019
1. Claims against the company not acknowledged as debts and under litigation		
(a) Service Tax claims	-	18.74
2. Other claims		
Differences in balances as per bank loan confirmations and books of accounts mainly on account of interest rate resetting are under reconciliation with the bankers. The company expect to settle these soon and do not anticipate any further liability on account of interest.	7.69	0.90

Note 32 - Arbitration Claims by the company

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

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

The Claims referred to NHAI by the Company, which have now become a matter of Dispute under the Concession Agreement amounts to Rs. 11176.49 million which also includes the claim of the EPC Contractor amounting to Rs. 5,546.79 million.

Note 33- Claim of Demonetisation:

Consequent upon the de-monetisation of currency notes by the Central Government, toll collection had been suspended from November 9, 2016 to December 2, 2016 for which the company has raised claims on NHAI for reimbursement of the expenses incurred during this period as per the provisions of the Concession Agreement entered into between the company and NHAI read along with NHAI circular dated November 29, 2016 and December 6, 2016 in this regard. Amount of Rs. 29.50 millions claimed, being contractually enforceable and certain of recovery has been recognised as other operating income. As at March 31, 2020, Rs. 0.15 millions was receivable and disclosed under Other Financials Assets – Current.

Note 34 - Proceedings under Insolvency & Bankruptcy Code :

In the year 2018-19, Bank of India ("one of the lender") has issued a loan recall notice on October 08, 2018 and subsequently applied for the insolvency petition under the Insolvency and Bankruptcy Code 2016 against the Company before the Hon'ble National Company Law Tribunal (NCLT) Mumbai Bench, for nonpayment of the interest and the installments payable under the rupee term loan agreement.

Subsequently, the Company also filed an application before the NCLT, mentioned that as per common loan agreement (CLA), an individual lender cannot initiate action in case of Event of Default, the action contemplated under clause 7.2 of CLA has to be collective action by the all lenders and action taken by Bank of India would be contrary to all the other lenders, hence the loan amount of Rs. 264.62 million which is recall by the Bank of India not classified in current maturities of debts.

In the previous year, Bank of India ("one of the lender") (the "BOI") has applied for the insolvency petition under the Insolvency and Bankruptcy Code 2016 against the Company before the Hon'ble National Company Law Tribunal (NCLT) Mumbai Bench, for non payment of the interest and the installments payable under the rupee term loan agreement. During the current quarter, the Hon'ble NCLT vide its order dated 09.01.2020, on the request of the BOI allowed it to withdraw the above application after payment of overdue installments and interest upto December 31, 2019.

TK Toll Road Private Limited**Notes to Financial Statements as of and for the year ended March 31, 2020****Note 35 - Earning per share:**

Rs. Millions

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
Profit / Loss attributable to equity shareholders (Rs Millions) (A)		(198.58)	(123.73)
Weighted average number of equity shares for basic and diluted earnings per share (B)		1,27,55,650	1,27,55,650
Earnings / (Loss) per share (Basic and diluted) (Rupees) (A/B)		(15.57)	(9.70)
Nominal value of equity shares (Rupees)		10.00	10.00

Note 36- The Company is engaged in "Road Infrastructure Projects" which in the context of Ind AS 108 "Operating Segment" is considered as the only segment. The Company's activities are restricted within India and hence, no separate geographical segment disclosure is considered necessary.

Note 37- Going Concern

In case of TK Toll Road Private Limited (The company) as at March 31, 2020, the current liabilities of the The company have exceeded its current assets. The company is undertaking a number of steps which will result in an improvement in cash flows and enable the company to meet its financial obligations. There has also been improvement in the revenues of the company and such revenues have been sufficient to recover the operating costs and the EBITA (Earnings before Interest, Tax & Amortisation) has been positive since the commencement of the operations. Additionally, it enjoys long concession period extending upto FY 2038 and the current cash flow issues have occurred due to mismatch in the repayment schedule vis a vis the concession period.

The company is also in advanced stages of discussion with its lenders for restructuring of their loans and is confident that the restructuring plan would be approved. Further it has filed arbitration claims worth Rs 1,1176.49 million, and is confident of favourable outcome, which will further improve the financial position of the the company. Accordingly, notwithstanding the dependence on above said uncertain events, the company continues to prepare the financial statements on a going concern basis. The auditors of The company have referred this matter in the "material uncertainties related to going concern" paragraph in their report.

Note 38 - The outbreak of COVID-19 globally and in India, the Company is sensitive about the impact of the Pandemic, not only on the human life but on businesses and industrial activity across the globe, which will be realized and ascertained only over next few months. The Company has been monitoring the situation closely and has taken proactive measures to comply with various directions / regulations / guidelines issued by Government and local bodies to ensure safety of workforce across all its sites and offices. The Company has made initial assessment of the likely adverse impact on economic environment in general and operational and financial risks on account of COVID-19.

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

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

Note 39- Events after reporting period

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

TK Toll Road Private Limited

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

Note 40 Previous year figures have been regrouped and re-arranged wherever necessary to make them comparable to those for current year.

For Chaturvedi & Shah LLP

Chartered Accountants

Firm's Regn. No. 101720W/W100355

For and on behalf of the Board

Parag D. Mehta

Membership No. 113904

Partner

Date: 07th May 2020

Place: Mumbai

Rajesh Das

DIN no : 08717511

Director

Date: 07th May 2020

Place: Mumbai

Shailendra H Jain

DIN no : 06393281

Director