



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KM TOLL ROADS PRIVATE LIMITED**

Report on the Financial Statements

1. We have audited the accompanying financial statements of KM Toll Roads Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Standalone Financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion


6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. 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 Act, we give in Annexure – "A" a statement on the matters specified in paragraphs 3 and 4 of the order.
8. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31st March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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 over financial reporting of the company and the operating effectiveness of such controls, we give our separate report in "Annexure – B".

- g. 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. Based on the assessment made by the Company, it does not have any pending litigations which would have a material impact on its financial position.
 - ii. Based upon the assessment made by the company, there are no material foreseeable losses on its long term contracts that may require any provisioning
 - iii. In view of there being no amounts required to be transferred to the Investor Education and Protection Fund for the year under audit the reporting under this clause is not applicable.

**For MKPS & Associates
Chartered Accountants
FRN 302014E**


**CA Narendra Khandal
Partner
M No. 065025**

Mumbai, May 14, 2016


**Annexure - A to the Independent Auditors Report
Referred to in para 7 of our report of even date, to the members of KM Toll Roads Private Limited for the year ended March 31, 2016**

- i)
 - (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
 - (c) The company doesn't have any land as its fixed assets.
- ii) In our opinion, and according to the information and explanations given to us, the company has sub-contracted the entire construction activities and therefore does not carry any inventories. Hence, the reporting requirements under clause (ii) of paragraph 3 of the order are not applicable.
- iii) In our opinion and according to the information and explanation given to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, the reporting requirements under sub-clause (a), (b) and (c) of Clause (iii) of paragraph 3 of the order are not applicable.
- iv) In our opinion and according to the information and explanation given to us, in respect of loans, investments and guarantees, the company has complied with the provisions of Section 185 and 186 of the Act, to the extent and where applicable.
- v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits during the period under audit. Consequently, the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 of the Act and the rules framed thereunder are not applicable.
- vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Act for the company. Accordingly, the reporting requirements of Clause (vi) of paragraph 3 of the order are not applicable.
- vii)
 - (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues, as applicable, with the appropriate authorities in India.
According to the information and explanations given to us, there are no undisputed amounts in respect of the aforesaid statutory dues which in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no applicable statutory dues which have not been deposited on account of any dispute.
- viii) Based upon the audit procedures carried out by us and on the basis of information and explanations provided by the management we are of the opinion that the company has not

defaulted in repayment of dues to banks / Financial Institutions. The company does not have any borrowings from government and it has not issued any debentures as at the balance sheet date.

- ix) In our opinion and according to the information and explanations given to us, the term loans taken by the company have been ultimately utilised for the purpose for which they were taken. Further, the company has not raised any funds by way of initial / further public offer.
- x) Based on the audit procedures performed by us for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, we report that we have neither come across any instance of fraud by the company or on the company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- xi) According to the information and explanations given to us, the company has not paid any managerial remuneration during the year and hence the reporting requirements under clause (xi) of paragraph 3 of the order are not applicable.
- xii) The company is not a Nidhi Company and hence the reporting requirements under clause (xii) of paragraph 3 of the order are not applicable.
- xiii) According to the information and explanations given to us, all transactions entered into by the company with related parties are in compliance with section 177 and 178 of the Act where applicable and the details thereof have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit.
- xv) As per the information and explanations provided to us, the company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi) In our opinion and according to the information and explanations given to us, the company is not required to be registered under Section 45 - IA of the Reserve Bank of India, 1934.

For MKPS & Associates
Chartered Accountants
FRN 302014E


CA Narendra Khandal
Partner
M No. 065025

Mumbai, May 14, 2016

Annexure - B to the Independent Auditors Report

Referred to in para 8 of our report of even date, to the members of KM Toll Road Private Limited for the year ended March 31, 2016

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 over financial reporting of KM Toll Road Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note 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 Companies Act, 2013, 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 over financial reporting.

KM TOLL ROAD PRIVATE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

KM Toll Road Private Limited

Balance Sheet as at 31st March 2016

	Note	As at March 31, 2016		As at March 31, 2015	
		₹		₹	
I. EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital	2.1	3,40,90,000		3,40,90,000	
Reserves and surplus	2.2	19,39,82,983	22,80,72,983	37,00,61,571	40,41,51,571
Non-current liabilities					
Long-term borrowings	2.3	10,25,56,44,599		8,11,60,32,996	
Other Long term liabilities	2.4	12,74,81,918		25,16,85,641	
Long-term provisions	2.5	22,46,734	10,38,53,73,251	18,63,948	8,36,95,82,585
Current liabilities					
Trade payables	2.6	28,97,50,391		-	
Other current liabilities	2.7	39,45,24,404		47,83,47,062	
Short-term provisions	2.8	91,977	68,43,66,772	77,050	47,84,24,112
Total			11,29,78,13,006		9,25,21,58,268
II. ASSETS					
Non-current assets					
Fixed Assets					
Tangible assets	2.09	43,86,346		23,59,398	
Intangible assets	2.10	8,98,14,10,091		38,603	
Intangible assets under development	2.11	2,05,82,30,532	11,04,40,26,969	9,16,63,16,856	9,16,87,14,857
Long-term loans and advances	2.12				82,25,539
Current Assets					
Cash and Cash Equivalents	2.13		23,02,81,714		3,12,66,837
Short-term loans and advances	2.14		2,35,04,323		4,39,51,035
Total			11,29,78,13,006		9,25,21,58,268
Significant Accounting Policies and Notes on Financial Statements	1 & 2				

This is the Balance Sheet referred to in our report of even date.


For MKPS & Associates
Chartered Accountants
Firm's Regn. No. 302014E

Narendra Khandal
Partner
Membership No. : 065025

Place: Mumbai
Date: 14th May 2016

For and on behalf of the Board


Kaushik Pal
Director/CEO
DIN:05237230


Madan Biyani
Director/CFO
DIN:07130371

Place: Mumbai
Date: 14th May 2016

KM Toll Road Private Limited**Statement of Profit and Loss for the year ended 31st March 2016**

	Note	Year ended March 31, 2016	Year ended March 31, 2015
		₹	₹
Revenue			
Revenue from operations	2.15	29,65,83,312	-
Other income	2.16	12,57,659	-
Total Revenue		29,78,40,971	-
Expenses			
Employee benefit expenses	2.17	70,35,495	-
Other expenses	2.18	17,16,92,378	-
Finance costs	2.19	23,41,43,843	-
Depreciation and amortisation expenses	2.09, 2.10	6,10,47,843	-
Total Expenses		47,39,19,560	-
Profit before Tax		(17,60,78,588)	-
Tax Expenses		-	-
Profit (Loss) after Tax		(17,60,78,588)	-
Earnings Per equity share (Face Value of ₹ 10 per share)			
Basic & Diluted		(51.65)	-

Significant Accounting Policies and Notes on Financial Statements

1 & 2

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

For MKPS & Associates
Chartered Accountants
Firm's Regn. No. 302014E

For and on behalf of the Board

Narendra Khandai
Partner
Membership No. : 065025

Kaushik Pal
Director/CEO
DIN:0523723

Madan Biyani
Director/CFO
DIN:07130371

Place: Mumbai
Date: 14th May 2016

Place: Mumbai
Date: 14th May 2016

KM Toll Road Private Limited

Cash Flow Statement for the year ended 31st March 2016

	Year ended March 31, 2016 ₹	Year ended March 31, 2015 ₹
A Cash Flow from/ (used in) Operating Activities		
Profit before Taxation	(17,60,78,588)	-
Adjustments for:		
Depreciation	6,10,47,843	-
Interest and Finance Charges	23,41,43,843	-
Interest Income	(8,12,238)	-
Dividend Income	(4,45,422)	-
Operating Profit before Working Capital Changes	11,78,55,439	-
Adjustments for:		
Trade and Other Payables	28,97,50,391	-
Net Cash Generated from/ (used in) Operating Activities	40,76,05,830	-
B Cash flow from Investing Activities		
Purchase/ Acquisition of fixed assets	(1,75,01,10,694)	(1,16,41,59,674)
Dividend Income	4 45 422	-
Interest Income	12 60 559	-
Net Cash used in investing activities	(1,74,84,04,713)	(1,16,41,59,674)
C Cash flow from/ (used in) Financing Activities		
Proceeds from Long term borrowings	2,26,78,25,778	179 47 80 723
Interest and Finance Charges	(72,80,12,017)	(60,77,86,545)
Net cash generated from Financing Activities	1,53,98,13,761	1,18,69,94,178
Net (Decrease)/ Increase in Cash and Cash equivalents	[A+B+C] 19,90,14,877	2,28,34,504
Cash and Cash equivalents as at the commencement of the year (Opening Balance)	3,12,66,837	84,32,333
Cash and Cash equivalents as at the end of the year (Closing Balance)	23,02,81,714	3,12,66,837
Net (Decrease)/ Increase in Cash and Cash equivalents	19,90,14,877	2,28,34,504

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

This is the Cash Flow Statement referred to in our report of even date.

For MKPS & Associates
Chartered Accountants
Firm's Regn. No. 302014E

Narendra Khandal
Partner
Membership No. : 065025

Place: Mumbai
Date: 14th May 2016

For and on behalf of the Board

Kaushik Pal
Director/CEO
DIN:05237230

Place: Mumbai
Date: 14th May 2016

Madan Biyani
Director/CFO
DIN:07130371

KM Toll Road Private Limited

Notes annexed to and forming part of the financial statements for year ended 31st March 2016

INTRODUCTION:

The Company has been awarded on Design, Build, Finance, Operate and Transfer (DBFOT) basis strengthening of the existing carriageway from Km. 00.000 to Km. 73.400 on the Gandhidham (Kandla) – Mundra section of National Highway No. 8A in the State of Gujarat and widening of existing 2 lane to 4/ 6 lane and its improvement, operation and maintenance through a concession on Design, Build, Finance, Operate and Transfer (DBFOT) basis under the Concession Agreement dated March 10, 2010 with National Highways Authority of India. The Concession Agreement is for a period of 25 years from January 19, 2011, being the appointed date. The Company is a wholly owned subsidiary of Reliance Infrastructure Ltd.

1.0 SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis of Preparation of Financial Statements :

The financial statements are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India, the relevant provisions of the Companies Act, 2013 (the Act) and comply in material aspects with the Accounting Standards notified under Section 133 of the Act, (read with Rule 7 of the Companies (Accounts) Rules, 2014.

1.2 Financial Statements: Presentation and Disclosures :

The financial statements have been prepared as per the requirements of Schedule III notified under the Act. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

1.3 Recognition & Accounting of Grant:

Grants / Capital contributions are recognized in financial statements when there is a reasonable assurance that the underlying conditions have been complied and grant will be received.

In accordance with Accounting Standard – 12 "Accounting for Government Grants" issued by ICAI, grants received from government authorities in the nature of promoters contribution towards meeting the capital cost of the project are treated as capital reserves.

1.4 Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

1.5 Fixed Assets :

The gross block of Fixed Assets is stated at cost of acquisition or construction, including any cost attributable to bringing the assets to their working condition for their intended use.

All Project related expenditure for acquisition of Toll collection rights viz., civil works, machinery under erection, construction and erection materials, pre-operative expenditure, expenditure indirectly related to the project and incidental to setting up project facilities, borrowing cost incurred prior to the date of commercial operation, and trial run expenditure are shown under Intangible Asset under Development. These expenses are net of recoveries, claims and income (net of tax) from surplus funds arising out of project specific borrowings.

Intangible assets are stated at acquisition cost less accumulated amortization.

1.6 Investments :

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

KM Toll Road Private Limited

Notes annexed to and forming part of the financial statements for year ended 31st March 2016

1.7 Borrowing Costs:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. 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 are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

1.8 Revenue Recognition :

In respect of Toll Roads, toll revenue from operations of the facility is accounted on receipt basis

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

Dividend on investment is recognized when the right to receive the payment is established.

1.9 Depreciation And Amortization :

Depreciation on Fixed Assets is provided on Straight Line Method (SLM) on the basis of their useful life or at the rates and in the manner specified in Schedule II to the Act .

Toll Collection Rights are amortized 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. The same is in line with Schedule II to the Act.

1.10 Employee Benefits :

Contributions to defined contribution schemes such as provident fund, superannuation funds etc. are charged to Statement of Profit and Loss / Capital Work-in-Progress, as applicable. The Company also provides for retirement benefits in the form of gratuity and leave encashment. The liability in respect of this defined benefit plans is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. Such defined benefits are charged to Statement of Profit and Loss / Capital Work-in-Progress, as applicable, based on actuarial valuations, as at the balance sheet date, made by independent actuaries. Actuarial gain and loss is recognized in the Statement of Profit and Loss / Capital Work-in-Progress, as may be applicable.

1.11 Accounting for Taxes on Income :

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future. However, in respect of unabsorbed depreciation or carry forward loss, the deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

1.12 Foreign Exchange Transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Gains and losses, if any, at the year-end in respect of monetary assets and monetary liabilities not covered by the forward contracts are recognized in the Statement of Profit and Loss .

Non-Monetary items denominated in foreign currency are stated at the rate prevailing on the date of the transaction.

1.13 Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If the carrying amount of fixed assets / cash generating unit exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

1.14 Provisions :

Provisions are recognised when the Company has a present obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

1.15 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 probable that an outflow of resources will not be required to settle the obligation . However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability. 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 Company does not recognize a contingent liability but discloses its existence in the notes to financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

1.16 Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise of cash on hand and demand deposits with banks.

KM Toll Road Private Limited

Notes annexed to and forming part of the financial statements for year ended 31st March 2016

Note 2.1 Share Capital

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Authorized		
Equity Shares of ₹ 10 each		
64,00,000 (64,00,000) equity shares	10,00,00,000	10,00,00,000
	<u>10,00,00,000</u>	<u>10,00,00,000</u>
Issued, Subscribed and Paidup		
Equity Shares of ₹ 10 each		
10704 (10704) equity shares	3,40,90,000	3,40,90,000
	<u>3,40,90,000</u>	<u>3,40,90,000</u>
Reconciliation of shares		
No. of shares at the beginning of the year	34,09,000	34,09,000
Add : No. of Shares Issued during the year	-	-
No. of Shares at the end of the year	<u>34,09,000</u>	<u>34,09,000</u>

Details of Shareholders holding more than 5% of shares :

Name of the shareholders	No. of Shares	%	No. of Shares	%
Reliance Infrastructure Limited	34,09,000	100%	34,09,000	100%

Note 2.2 Reserves and Surplus

Securities Premium Account				
Opening Balance	30,59,10,000		30,59,10,000	
Addition during the year	-		-	
Closing Balance	<u>30,59,10,000</u>		<u>30,59,10,000</u>	
Surplus as per Statement of Profit & Loss				
Opening Balance	6,41,51,571		6,41,51,571	
Net Profit/(loss) for the year	<u>(17,60,78,588)</u>		<u>-</u>	
Closing Balance	<u>(11,19,27,017)</u>		<u>6,41,51,571</u>	
	<u>19,39,82,983</u>		<u>37,00,61,571</u>	

KM Toll Road Private Limited

Notes annexed to and forming part of the financial statements for year ended 31st March 2016

	As at March 31, 2016		As at March 31, 2015	
	₹ Non Current	₹ Current *	₹ Non Current	₹ Current *
Note 2.3 Long Term Borrowings				
A) Secured				
Term Loans from banks	5,42,17,82,996	13,31,50,000	4,84,12,32,996	-
External Commercial Borrowings				
In Foreign Currency (from Financial Institution)	1,32,97,37,850	5,69,79,300	91,25,00,000	-
Buyer's Credit-	10,16,23,753	-	-	-
	6,85,31,44,599	19,01,29,300	5,75,37,32,996	-
B) Unsecured				
Sub Ordinate Debts from Reliance Infrastructure Limited	3,40,25,00,000	-	2,36,23,00,000	-
Repayment based on available cash flow after repayment of the entire secured loans to Lenders and carries 0% interest				
	10,25,56,44,599	19,01,29,300	8,11,60,32,996	-

* Current Maturities of Long term debt disclosed under other current liabilities (Refer Note 2.7)

Secured by:

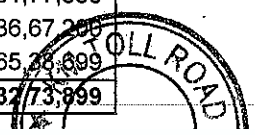
- First mortgage and charge of all immovable properties, present and future, save and except the project Assets.
- First charge by way of hypothecation of all movable assets, both present and future, save and except the project Assets.
- First charge on all intangible assets save and except Project assets.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

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

Repayment Terms for ECB :- The repayment of loan will start from 15th Jun 2016 in 33 quarterly installments and will be paid till 15th Jun 2024.

Maturity Profile of Secured loans are as under:

Particulars	Term Loan	ECB	Total
FY 2016-17	13,31,50,000	5,69,79,300	19,01,29,300
FY 2017-18	39,94,50,000	5,69,79,300	45,64,29,300
FY 2018-19	59,91,75,000	9,97,13,775	69,88,88,775
FY 2019-20	66,57,50,000	15,66,93,075	82,24,43,075
FY 2020-21	66,57,50,000	19,94,27,550	86,51,77,550
FY 2021-22	66,57,50,000	22,79,17,200	89,36,67,200
FY 2022-23 onwards	2,52,75,31,749	58,90,06,950	3,11,65,38,699
Total	5,65,65,56,749	1,38,67,17,150	7,04,32,73,899



KM Toll Road Private Limited

Notes annexed to and forming part of the financial statements for year ended 31st March 2016

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Note 2.4 Other Long Term Liabilities		
Retention Payable to creditors	12,74,81,918	25,16,85,641
	<u>12,74,81,918</u>	<u>25,16,85,641</u>
Note 2.5 Long Term Provisions		
Provision for employee benefit		
Leave Encashment	22,46,734	18,63,632
Gratuity	-	316
	<u>22,46,734</u>	<u>18,63,948</u>
Note 2.6 Trade Payables		
Trade Payables	28,97,50,391	-
	<u>28,97,50,391</u>	<u>-</u>
Note 2.7 Other current Liabilities		
Current maturities of long-term debts	19,01,29,300	-
Interest accrued but not due on borrowings	56,42,583	30,18,810
Creditors for Capital Expenditure	19,46,13,880	47,07,74,292
Other Current Liabilities	41,38,641	45,53,960
	<u>39,45,24,404</u>	<u>47,83,47,062</u>
Note 2.8 Short Term Provisions		
Provision for leave encashment	91,977	77,050
	<u>91,977</u>	<u>77,050</u>

KM Toll Road Private Limited

Notes annexed to and forming part of the financial statements for year ended 31st March 2016

Note 2.9 Tangible Assets

Particulars	Gross Block		As at March 31, 2016	As at April 1, 2015	Depreciation		Net Block	
	As at April 1, 2015	Additions during the year			Additions during the year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Buildings	16,28,600	-	16,28,600	99,550	48,858	1,48,408	14,80,192	15,29,050
Plant & Machinery	-	1,79,956	1,79,956	10,03,650	62,915	62,915	1,17,041	-
Office Equipments	15,63,872	17,64,396	33,28,268	2,46,252	4,10,046	14,13,696	19,14,572	5,60,222
Furniture and Fixtures	4,91,049	7,01,050	11,92,099	22,693	91,353	3,37,605	8,54,494	2,44,797
Vehicles	48,022	-	48,022	13,72,145	5,282	27,975	20,047	25,329
Total	37,31,543	26,45,402	63,76,945	6,86,065	6,18,454	19,90,599	43,86,346	23,59,398
Previous Year	37,31,543	-	37,31,543	6,86,065	6,86,080.00	13,72,145	23,59,398	

Note 2.10 Intangible Assets

Particulars	Gross Block		As at March 31, 2016	As at April 1, 2015	Amortisation		Net Block	
	As at April 1, 2015	Additions during the year			Additions during the year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Computer Software	7,72,058	-	7,72,058	7,33,455	-	7,33,455	38,603	38,603
Toll Collection Rights	-	9,04,22,02,523	9,04,22,02,523	-	6,08,31,035	6,08,31,035	8,98,13,71,488	-
Total	7,72,058	9,04,22,02,523	9,04,29,74,581	7,33,455	6,08,31,035	6,15,64,490	8,98,14,10,091	38,603
Previous Year	7,72,058	-	7,72,058	6,71,244	62,211	7,33,455	38,603	

KM Toll Road Private Limited

Notes annexed to and forming part of the financial statements for year ended 31st March 2016

	As at March 31, 2015	Incurred during the year	Capitalised during the year	As at March 31, 2016
	₹	₹	₹	₹
Note 2.11 Intangible Assets Under Development				
A) Assets under Construction Pending Allocation				
Project Contract Expenses	7,58,37,35,266	1,25,55,18,883	7,39,44,00,000	1,44,48,54,149
Toll Management System (TMS)	-	5,62,37,972	-	5,62,37,972
Total A	7,58,37,35,266	1,31,17,56,855	7,39,44,00,000	1,50,10,92,121
B) Incidental Expenses related to development of intangible assets				
Salaries, Bonus and Other Allowances	7,39,82,460	1,11,82,375	6,92,90,835	1,58,74,000
Project Execution Support Services	3,99,58,505	81,02,313	3,63,85,921	1,16,74,897
Electricity Expenses	6,59,388	15,83,331	11,87,804	10,54,916
Insurance Charges	3,56,65,281	1,41,03,354	3,78,90,690	1,18,77,945
Travelling & Conveyance	1,61,67,463	13,20,540	1,36,17,530	38,70,473
Vehicle expenses	-	30,41,880	20,12,939	10,28,941
Auditors' Remuneration	-	-	-	-
For Audit Fees	9,15,515	2,23,115	9,85,163	1,53,467
For Certification Charges	3,69,501	-	2,88,211	81,290
For Out of Pocket Expenses	-	6,976	5,441	1,535
Rent, Rate & Taxes	31,20,923	6,17,254	28,64,357	8,73,821
Legal And Professional Charges	8,64,33,844	1,52,11,095	7,88,72,240	2,27,72,699
Other Miscellaneous Expenses	81,64,936	29,06,658	78,87,414	31,84,180
Guarantee Commission	1,19,09,384	-	92,89,320	26,20,064
Interest Cost	1,26,17,51,462	49,13,37,726	1,31,42,52,158	43,88,37,030
Other Finance Charges:				
Upfront Fees	3,35,77,573	48,75,791	3,07,92,115	76,61,249
Arrangers' Fees	-	2,78,430	2,13,915	64,515
Bank Charges	-	46,118	26,960	19,158
Unrealised Forex Loss-Revaluation of Loans	1,68,99,460	6,19,15,125	4,74,79,017	3,13,35,568
Depreciation	21,05,600	4,01,646	19,07,955	5,99,292
Provision for Income Tax	11,000	-	8,580	2,420
Total B	1,59,16,92,296	62,28,07,665	1,65,52,58,564	55,92,41,397
C) Other Income				
Less : Other Income				
Dividend Income	83,37,272	-	65,03,072	18,34,200
Interest Income	7,39,139	4,48,321	9,26,219	2,61,241
Profit on Sale of Investment	34,294	-	26,750	7,545
Total C	91,10,705	4,48,321	74,56,041	21,02,986
Total D = B - C	1,58,25,81,590	62,23,59,344	1,64,78,02,523	55,71,38,411
Grand Total (A+D)	9,16,63,16,856	1,93,41,16,199	9,04,22,02,523	2,05,82,30,532

KM Toll Road Private Limited

Notes annexed to and forming part of the financial statements for year ended 31st March 2016

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Note 2.12 Long Term Loans and Advances		
Capital advance	-	82,25,539
	<u>-</u>	<u>82,25,539</u>
Note 2.13 Cash and Bank Balance		
Cash and Cash Equivalents		
Balances with banks		
In Current Accounts	21,50,57,531	3,12,66,837
In Deposit Accounts	1,27,00,000	-
Cash on hand	25,24,183	-
	<u>23,02,81,714</u>	<u>3,12,66,837</u>
Note 2.14 Short Term Loans and Advances		
Advance to Vendors	66,52,863	-
Advance Income Tax (Net of Provision)	17,90,122	24,37,648
Advance recoverable in cash or in kind or for value to be received	98,59,362	3,18,18,200
Security deposits	2,60,595	1,23,000
Prepaid Expenses	49,41,381	95,19,254
Advance to Employees	-	52,933
	<u>2,35,04,323</u>	<u>4,39,51,035</u>

KM Toll Road Private Limited

Notes annexed to and forming part of the financial statements for year ended 31st March 2016

	Year ended March 31, 2016	Year ended March 31, 2015
	₹	₹
Note 2.15 Revenue from Operations		
Sale of services - Toll Collection	29,65,83,312	-
	29,65,83,312	-
Note 2.16 Other Income		
Dividend Income	4,45,422	-
Interest Received	8,12,238	-
	12,57,659	-
Note 2.17 Employee benefit expenses		
Salaries and Wages	67,04,255	-
Contribution to Provident Fund and Other Fund	2,25,836	-
Contribution to Gratuity Fund	1,05,404	-
	70,35,495	-
Note 2.18 Other Expenses		
NHAI Premium (including interest)	13,74,92,074	-
Toll Operation & Maintenance Expenses	2,06,23,765	-
Electricity Expenses	25,52,350	-
Insurance	42,22,025	-
Travelling & Conveyance	17,40,182	-
Auditors' Remuneration		-
- Audit Fees	1,18,885	-
Rent, Rates & Taxes	2,33,735	-
Legal and Professional Charges	13,07,389	-
Other Miscellaneous Expenses	34,01,973	-
	17,16,92,378	-
Note 2.19 Finance Costs		
Interest expense	22,94,67,707	-
Other finance charges	46,76,136	-
	23,41,43,843	-

KM Toll Road Private Limited

Notes annexed to and forming part of the financial statements for year ended 31st March 2016

2.20 Earning per Share

Particulars	₹	
	Year ended March 31, 2016	Year ended March 31st, 2015
Basic / Diluted Earning Per Share:		
Profit after taxation as per Profit and Loss Account (A)	(17,60,78,588)	-
Weighted average number of Equity Shares Outstanding (B)	34,09,000	34,09,000
Basic/Diluted Earning Per Share (in Rupees) (A)/(B)	(51.65)	-
Nominal value of equity share (in Rupees)	10.00	10.00

2.21 Related Party Transactions

Related Party Disclosure as required by Accounting Standard (As) - 18 "Related Party Disclosures" Issued by The Institute of Chartered Accountants of India:

Relationships:

(A) Name of Holding company - Reliance Infrastructure Limited

(B) Details of transactions during the year and closing balances as at the end of the year:

Particulars	₹	
	Year ended March 31, 2016	Year ended March 31, 2015
Statement of Profit & Loss and Intangible Assets under development heads:		
Expenses:		
Business Support Services/Project Execution Support Services	78,44,484	29,43,832
Reimbursement of Expenses	84,31,356	6,15,629
Balance Sheet Heads (Closing Balances):		
Issue of Equity Share Capital	3,40,90,000	3,40,90,000
Security Premium	30,59,10,000	30,59,10,000
Sub-Ordinate Debts	3,40,25,00,000	2,36,23,00,000
Towards Creditors Outstanding	1,81,99,694	36,33,613
Transactions during the year:		
Sub-Ordinate Debts	1,04,02,00,000	66,16,00,000

KM Toll Road Private Limited

Notes annexed to and forming part of the financial statements for year ended 31st March 2016

2.22 Retirement Benefits:

Disclosure as required by Accounting Standard (AS) - 15 (Revised 2005) "Employee Benefits" issued by ICAI as given below:

(A) Defined Contribution Plans

- a) Provident Fund
b) State defined contribution plans

- Employers' Contribution to Employees' Deposit Linked Insurance
- Employers' Contribution to Employees' Pension Scheme, 1995

The Provident Fund and the State defined contribution plan are operated by the Regional Provident Fund Commissioner Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

(A) Defined Benefit Plans

- a) Gratuity
b) Leave Encashment

Gratuity is payable to employees who has rendered continuous services for more than 5 years at the rate of 15 days of service for each completed year of service or part thereof in excess of 6 months.

Leave encashment is payable to eligible employees who have earned leaves during the employment and/ or on separation as per the Company's policy.

Valuations in respect of Gratuity and Leave Encashment have been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions:

a) The amounts recognised in Statement of Profit & Loss /Intangible Assets Under Development are as follows:

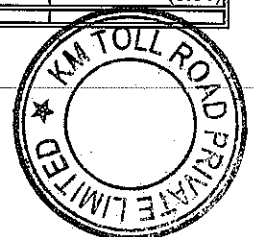
(i) Defined Benefit Plan	Leave Encashment		Gratuity	
	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Current service cost	5.21	5.22	3.97	3.87
Interest cost on benefit obligation	1.90	1.81	1.88	1.69
Expected return on plan assets	-	-	(1.86)	(1.28)
Net actuarial gain/(loss) recognised during the year	(2.92)	(2.50)	(0.75)	3.77
Current service cost included under the head payments to Contribution and Other Funds in Intangible Assets Under Development	4.19	4.53	3.24	8.05

(ii) Defined Contribution Plan	Provident Fund	
	Year Ended March 31, 2016	Year Ended March 31, 2015
	(Rs. in lacs)	(Rs. in lacs)
Current service cost included in Statement of Profit & Loss /Intangible Assets Under Development	5.65	6.62

(iii) Defined Contribution Plan	Superannuation Fund	
	Year Ended March 31, 2016	Year Ended March 31, 2015
	(Rs. in lacs)	(Rs. in lacs)
Current service cost included under the head payments to Retirement	0.01	0.14

b) The amounts recognised in the Balance Sheet are as follows:

	Leave Encashment		Gratuity	
	As at 31st March, 2016	As at 31st March, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Present value of obligation	23.39	19.41	23.20	20.38
Less: Fair value of plan assets	-	-	23.35	20.37
Amount not recognized as an Assets				
Net Asset/(Liabilities) recognised in Balance Sheet	(23.39)	(19.41)	0.15	(0.01)



KM Toll Road Private Limited

Notes annexed to and forming part of the financial statements for year ended 31st March 2016

2.22 Retirement Benefits:

c) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:

	Leave Encashment		Gratuity	
	As at 31st March, 2016	As at 31st March, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Opening defined benefit obligation	19.41	15.51	20.38	15.33
Interest cost	1.90	1.81	1.88	1.69
Current service cost	5.21	5.22	3.97	3.87
Benefits paid	(0.21)	(0.63)	-	(1.88)
Liabilities assumed on Acquisition/Settled on Divestiture)	-	-	-	-
Actuarial (gains)/loss on obligation	(2.92)	(2.50)	(3.03)	1.37
Closing defined benefit obligation	23.39	19.41	23.20	20.38

d) Changes in the fair value of plan assets are as follows:

	Leave Encashment		Gratuity	
	As at 31st March, 2016	As at 31st March, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Opening fair value of plan assets	-	-	20.37	14.68
Expected return	-	-	1.86	1.28
Contributions made by employer during the year	0.21	0.63	1.35	4.17
Benefits paid	(0.21)	(0.63)	-	(1.88)
Actuarial Gain/(Loss) on plan assets	-	-	(0.23)	2.12
Assets Acquired on Acquisition/ (Distributed on divestiture)	-	-	-	-
Closing fair value of plan assets	-	-	23.35	20.37

	Leave Encashment (Rs. in lacs)	Gratuity (Rs. in lacs)
e) Expected contribution to defined benefit plan for next year	0.92	5.00

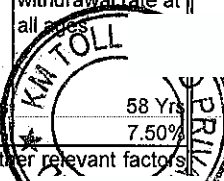
f) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Leave Encashment		Gratuity	
	As at 31st March, 2016	As at 31st March, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015
	%	%	%	%
Investments with insurer under: (a) Funds Managed by Insurer	Nil	Nil	100.00	100.00

g) The principal actuarial assumptions at the Balance Sheet date.

	Leave Encashment		Gratuity	
	As at 31st March, 2016	As at 31st March, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015
Discount rate	7.80%	7.85%	7.80%	7.85%
Expected rate of return on plan assets	-	-	8.25%	8.25%
Mortality Rate	Published rates under the Indian Assured Lives Mortality (2006-08)	Published rates under the Indian Assured Lives Mortality (2006-08)	Published rates under the Indian Assured Lives Mortality (2006-08)	Published rates under the Indian Assured Lives Mortality (2006-08)
Proportion of employees opting for early retirement	4% per annum withdrawal rate at all ages	4% per annum withdrawal rate at all ages	4% per annum withdrawal rate at all ages	4% per annum withdrawal rate at all ages
Retirement Age	58 Yrs	58 Yrs	58 Yrs	58 Yrs
Salary Escalation Rate	7.50%	7.50%	7.50%	7.50%

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.



KM Toll Road Private Limited

Notes annexed to and forming part of the financial statements for year ended 31st March 2016

2.23 Contingent Liabilities and Commitments

Particulars	₹ Crore	
	As at March 31, 2016	As at March 31, 2015
(a) Capital Commitments:		
Estimated amount of contracts remaining unexecuted on capital account and not provided for (Net of Capital Advances)	64.22	188.95
(b) Other Commitments:		
Premium payable to NHAI upto the end of concession period	1,432.71	1,446.09

2.24 Segment Reporting

The Company operates in only one segment, namely "Toll Roads" hence there are no reportable segments under Accounting Standard 17 'Segment Reporting'.

2.25 In the opinion of the management, the Current Assets, Loans and Advances and Current Liabilities are approximately of the value stated, if realised / paid in the ordinary course of business. The provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.

2.26 Micro and small enterprises as defined under the MSMED Act, 2006

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

2.27 Activity in Foreign Currency

Particulars	Year ended March 31, Year ended March	
	2016	31, 2015
	₹	₹
Expenditure in foreign currency		
Professional Fees, Commitment Fee & Interest	5,64,20,731	3,93,22,444

2.28 As per the concession agreement, premium is payable by the company to NHAI. The company has completed partial stretch for which it has received provisional COD and commenced toll operations on the same. Since, the full stretch has not been completed, the company has made provision for premium payable to NHAI amounting to Rs 13,74,92,074/- proportionate to the partial stretch, which has been disputed by NHAI. The same has been included under Trade Payables (Note no 2.6). Further, in view of losses of the company, it has also applied for deferment of premium payable to NHAI under the provisions of the concession agreement.

2.29 The Project Milestone(s) / COD as per Schedule - G of the concession agreement with NHAI could not be achieved for reasons attributable to NHAI. Accordingly, the company has made various representations to IE / NHAI for extension of time, which are under consideration by them. In view of the same, the company does not anticipate any demand from NHAI for non-achievement of Milestone. During the period, the company has achieved partial COD for the completed stretch and commenced toll operations on the same.

2.30 Amounts paid in earlier years towards service tax component on expenses incurred for construction and / or operation activities were accumulated for availing input service tax credit. Based on legal opinion obtained and subsequent reviews, it has been decided that input credit in respect of the same may not be available to the company, in the absence of any eligible output tax payable. Consequently, the tax credit which was hitherto being carried forward has been reversed with corresponding effect to the carrying cost of the asset of Rs.1,84,43,434/.

2.31 Previous year figures have been regrouped and re-arranged wherever necessary to confirm to current year classification.

As per our attached report of even date

For MKPS & Associates
Chartered Accountants
Firm's Regn. No. 302014E

For and on behalf of the Board

Narendra Khandal
Partner
Membership No. : 065025

Kaushik Pal
Director/CEO
DIN:05237230

Madan Biyani
Director/CFO
DIN:07130371

Place: Mumbai
Date: 14th May 2016

Place: Mumbai
Date: 14th May 2016