# T R Chadha & Co LLP

**Chartered Accountants**
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Lower Parel, Mumbai – 400 013
Tel.: 022-49669000
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## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF DA TOLL ROAD PRIVATE LIMITED

### Report on the IndAS Financial Statements

We have audited the accompanying IndAS financial statements of **DA TOLL ROAD PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statement and Statement of Change in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "IndAS financial statements).

### Management's Responsibility for the IndAS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these IndAS financial statements that give a true and fair view of the state of the affairs, profit, cash flows and change in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standard (IndAS) prescribed 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 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 IndAS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on this IndAS 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 provision of the act and the rules made thereunder.

We conducted our audit of the IndAS financial statements 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 IndAS financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the IndAS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the IndAS 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 IndAS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 IndAS financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid IndAS 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 including the IndAS, of the state of affairs of the Company as at March 31, 2017, and its profit, its cash flows and the change in equity for the year ended on that date.

### Other Matters

The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone IndAS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the us, whose report for the year ended 31st March 2016 and 31st March 2015 dated 14th May 2016 and 18th May 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the IndAS, which have been audited by us.

Our opinion is not modified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

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

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

(c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the statement of change in equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid IndAS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

(e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 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, 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 Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended by Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

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.

iv. The Company has provided requisite disclosures in its IndAS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 37 to the IndAS financial statements.

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**For T R Chadha & Co LLP**
**Chartered Accountants**
**Firm Registration No. 006711N/N500028**

**Pramod Tilwani**
**(Partner)**
**Membership No. 76550**

**Date:** 14 APR 2017
**Place: Mumbai**

# T R Chadha & Co LLP

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**ANNEXURE-A**

**DA Toll Road Private Limited**
**Annexure to Independent Auditors' Report for the period ended March 2017**
**(Referred to in Paragraph 1 under the Heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date)**

**(i) Fixed Assets**

a) The Company is maintaining proper records showing full particulars including quantitative details and situtation of its fixed assets.

b) As explanation and information given to us, the fixed assets have been physically verified by the management in phased manner, which in our opinion is reasonable having regard to the size & nature of the company. No material discrepancies were noted on such verification.

c) Title deeds of immovable assets held in the name the company.

**(ii) Inventories**

There were no inventory lying as on 31.03.2017, accordingly, the provisions of clause (ii) of the Order is not applicable to the company.

**(iii) Loans given**

The Company has not granted any Secured or unsecured loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence reporting under clause 3 (iii) (a), (b) and (c) does not arise.

**(iv) Compliance of Sec. 185 & 186**

The Company has not entered into any transaction in respect of loans, investments, guarantee and security which attracts compliance to provisions of section 185 & 186 of the Companies Act, 2013, therefore, paragraph 3 (iv) of the order is not applicable to the company.

**(v) Public Deposit**

During the year, the company has not accepted any deposits from the public, therefore, paragraph 3 (v) of the order is not applicable.

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(vi) **Cost Records**

The maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 the Act and are of the opinion that prima facie, the specified accounts and records have been made and maintained.

(vii) **Statutory Dues**

a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing its undisputed statutory dues including Provident Fund, Employees State insurance, income-tax, Sales-Tax, Wealth Tax, Service tax, value added tax, cess and Entertainment Tax etc. except in some cases in deposition of TDS & Service Tax liability during the year. There are no undisputed dues payable, outstanding as on 31st March, 2017 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 amounts in respect of income tax, service tax etc. that have not been deposited with the appropriate authorities on account of any dispute.

(viii) Company has not defualted in repayment of loans or borrowing to financial institutions, banks, government or dues to debenture holders.

(ix) The Company has not raised money by way of initial public offer or further public offer (including debt instrument) any term loans during the period under audit therefore, paragraph 3 (ix) of the order is not applicable to the company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.

(xi) As the company is a private limited company, therefore, paragraph 3 (xi) of the order with regards to payment of managerial remuneration is not applicable to the company.

(xii) As explained, the company is not a Nidhi Company. Therefore paragraph 3 (xii) of the order is not applicable to the company.

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**(xiii)** As the the company is a private limited company it is not required to constitute audit committee hence section 177 of Companies Act, 2013 is not applicable to the Company. The Company has complied with the provision of section 188 and the details have been disclosed in the financial statement as required by the applicable accouting standards.

**(xiv)** Company has not made preferential allotment or privete placement of shares or fully or partially convertible debenture during the year under review. Therefore, clause (xiv) of the order is not applicable to the company.

**(xv)** As per the information and explanations given by the management, the company has not entered into any non-cash transaction with directors or persons connected with him. Therefore paragraph 3 (xv) of the order is not applicable to the company.

**(xvi)** As per the information and explanations given by the management, company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore paragraph 3 (xvi) of the order is not applicable to the company.

**For T R Chadha & Co LLP**
**Chartered Accountants**
**Firm Registration No, 006711N/N500028**

**Pramod Tilwani**
**(Partner)**
**Membership No. 76550**

**Date:** 14 APR 2017
**Place: Mumbai**

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ANNEXURE-B

## THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DA 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 over financial reporting of DA Toll Road Private Limited ("the Company") as of 31 March, 2017 in conjunction with our audit of the IndAS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### 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

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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.

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Over Financial Reporting

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

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### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, 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".

**For T R Chadha & Co LLP**
**Chartered Accountants**
**Firm Registration No. 006711N/N500028**

**Pramod Tilwani**
**(Partner)**
**Membership No. 76650**

**Date:** 4 APR 2017
**Place: Mumbai**

# DA TOLL ROAD PVT LTD

## FINANCIAL STATEMENTS

## year ended March 31, 2017

DA Toll Road Private Limited
Balance Sheet

₹ Millions

| Particulars | Note | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| (a) Intangible assets | 4 | 17,538.41 | - | - |
| (b) Intangible assets under development | 4 | 1,596.19 | 12,777.87 | 6,719.41 |
| (c) Financial Assets | | | | |
| - Other Financial Assets | 5c | - | 142.68 | 311.41 |
| (d) Deferred tax assets (net) | 27 | 230.33 | 135.32 | 94.99 |
| (e) Other non - current assets | 6 | 222.45 | 1,294.41 | 2,276.40 |
| **Current assets** | | | | |
| (a) Financial Assets | | | | |
| (ii) Cash and cash equivalents | 5a | 440.16 | 15.24 | 319.83 |
| (v) Other financial asset | 5b | 1,167.83 | 549.41 | 0.62 |
| (b) Current Tax Assets (Net) | | 24.75 | 14.21 | - |
| (c) Other current assets | 7 | 120.55 | 107.02 | 284.04 |
| **Total Assets** | | **21,340.67** | **15,036.14** | **10,006.70** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| (a) Equity share capital | 8 | 90.18 | 90.18 | 90.18 |
| (b) Subordinated debt (in nature of Equity) | 9a | 4,449.10 | 2,876.55 | 2,602.85 |
| (c) Other equity | 9 | 3,789.39 | 3,663.64 | 2,561.83 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 10a | 11,370.16 | 5,080.25 | 242.60 |
| (ii) Other financial liabilities | 12b | 135.94 | 651.46 | 367.74 |
| (b) Provisions | 13b | 12.93 | 7.86 | 3.66 |
| **Current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 10b | 154.40 | 114.50 | 26.80 |
| (ii) Trade payables | 11 | 757.51 | 78.11 | 14.87 |
| (iii) Other financial liabilities | 12a | 578.10 | 2,460.26 | 4,046.66 |
| (b) Other current liabilities | 14 | 2.57 | 12.99 | 9.24 |
| (c) Provisions | 13a | 0.39 | 0.34 | 0.16 |
| (d) Current Tax Liabilities (Net) | | - | - | 40.11 |
| **Total Equity and Liabilities** | | **21,340.67** | **15,036.14** | **10,006.70** |

The accompanying summary of significant accounting policies and other explanatory informtaion (notes) are an integral part of the Financial Statements.

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

**For TR Chadha & Co LLP**
Chartered Accountants
Firm Regn. No. 006711N/N500028

**Pramod Tilwani**
Partner
Membership No. : 76650

Place : Mumbai
Date : April 14, 2017

**For and on behalf of the Board**

**Kaushik Pal**
Director
DIN:05237230

**Madan Biyani**
Director
DIN:07130371

**Srilatha Gopal**
Company Secretary

Place : Mumbai
Date : April 14, 2017

DA Toll Road Pvt Ltd
Statement of Profit and Loss

₹ Millions

| Particulars | Note | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|
| Revenue from Operations | 15 | 8,337.26 | 7,558.67 |
| Other Income | 16 | 90.71 | 60.82 |
| **Total Income** | | 8,427.97 | 7,619.49 |
| **Expenses** | | | |
| Toll Operation and Maintainence expenses | 17 | 838.24 | 287.89 |
| Construction cost | | 6,494.67 | 5,793.88 |
| Employee benefits expense | 18 | 71.43 | 72.34 |
| Finance costs | 19 | 494.11 | 48.63 |
| Amortization expense | 4 | 391.88 | - |
| Other expenses | 20 | 90.94 | 107.77 |
| **Total expenses** | | 8,381.27 | 6,310.51 |
| **Profit / (loss) before tax** | | **46.70** | **1,308.98** |
| **Tax expense** | | | |
| Current tax | | 13.60 | 244.93 |
| Deferred tax charge/(credit) | | (94.20) | (39.02) |
| **Profit/(Loss) for the year** | | **127.30** | **1,103.07** |
| **Other Comprehensive Income** | | | |
| **(i) Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of net defined benefit plans : Gains / (Loss) | | (2.37) | (3.78) |
| **(ii) Income tax relating to items that will not be reclassified to profit or loss** | | | |
| Remeasurements of net defined benefit plans | | (0.82) | (1.31) |
| **Other Comprehensive Income/(Loss) for the year** | | **(1.55)** | **(2.47)** |
| **Total Comprehensive Income for the year** | | **125.75** | **1,100.60** |
| **Earnings per equity share of Rs. 10 each** | | | |
| Basic & Diluted | 34 | 14.12 | 122.32 |

The accompanying summary of significant accounting policies and other explanatory informtaion (notes) are an integral part of the Financial Statements.

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

**For TR Chadha & Co LLP**
Chartered Accountants
Firm Regn. No. 006711N/N500028

**Pramod Tilwani**
Partner
Membership No. : 76650

Place : Mumbai
Date : April 14, 2017

**For and on behalf of the Board**

**Kaushik Pal**
Director
DIN:05237230

**Madan Biyani**
Director
DIN:07130371

**Srilatha Gopal**
Company Secretary

Place : Mumbai
Date : April 14, 2017

**DA Toll Road Pvt Ltd**
**Cash flow Statement**

₹ Millions

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **A CASH FLOW FROM OPERATING ACTIVITIES:** | | |
| **Profit before exceptional items and tax** | 46.70 | 1,305.21 |
| *Adjustments for:* | | |
| Amortization expense | 391.88 | - |
| Interest Income | (90.67) | (2.60) |
| Interest expense | 350.97 | 48.63 |
| Mark-to-market (gain)/loss on derivative financial instruments | 143.14 | (10.45) |
| | 842.02 | 1,340.79 |
| **Cash Generated from Operations before working capital changes** | | |
| *Adjustments for:* | | |
| (Increase)/decrease in financial assets except for investments | (391.07) | (380.03) |
| (Increase)/decrease in other current assets | (13.53) | 177.02 |
| Increase/(decrease) in trade payables | 679.40 | 63.24 |
| Increase/(decrease) in other financial liabilities | 130.32 | 16.91 |
| Increase/(decrease) in provisions | 2.75 | 4.39 |
| Increase/(decrease) in other current liabilities | (10.42) | 3.75 |
| | 397.44 | (114.72) |
| **Cash generated from operations** | 1,239.46 | 1,226.06 |
| Taxes (paid) net of refunds | (24.14) | (299.25) |
| **Net cash generated from operating activities - [A]** | 1,215.31 | 926.82 |
| **B CASH FLOW FROM INVESTING ACTIVITIES:** | | |
| Purchase/sale proceeds of intangible assets (including intangible assest under development) | (7,922.45) | (6,093.02) |
| Interest received | 5.98 | 2.60 |
| **Net cash (used in) / generated from investing activities - [B]** | (7,916.47) | (6,090.41) |
| **C CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| Proceeds from Sub-debt | 1,572.55 | 273.70 |
| Proceeds from inter-corporate deposits (short term borrowings) | 39.90 | 87.70 |
| Proceeds from long term borrowings | 6,380.34 | 5,048.97 |
| Interest paid | (866.71) | (551.35) |
| **Net cash used in financing activities - [C]** | 7,126.08 | 4,859.02 |
| **Net increase/(decrease) in cash and cash equivalents - [A+B+C]** | 424.92 | (304.58) |
| **Add: Cash and cash equivalents at the beginning of the year** | 15.24 | 319.83 |
| **Cash and cash equivalents at the end of the year** | 440.16 | 15.24 |
| **Components of Cash and cash equivalents** | | |
| Balances with banks - in Current accounts | 147.64 | 10.56 |
| Deposits with maturity of less than three months | 280.00 | - |
| Cash on hand | 12.52 | 4.68 |
| **Total Cash and cash equivalents** | 440.16 | 15.24 |

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying summary of significant accounting policies and other explanatory informtaion (notes) are an integral part of the Financial Statements.

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

**For TR Chadha & Co LLP**
Chartered Accountants
Firm Regn. No. 006711N/N500028

**Pramod Tilwani**
Partner
Membership No. : 76650

Place : Mumbai
Date : April 14, 2017

**For and on behalf of the Board**

**Kaushik Pal**
Director
DIN:05237230

**Madan Biyani**
Director
DIN:07130371

**Srilatha Gopal**
Company Secretary

Place : Mumbai
Date : April 14, 2017

DA Toll Road Pvt Ltd
Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

₹ Millions

| | 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, 2016 | 90.18 | - | 90.18 |
| For the year ended 31st March, 2017 | 90.18 | - | 90.18 |

B. OTHER EQUITY [ Note No. 9 ]

₹ Millions

| | Equity Component of compoud financial instruments (Note 9b) | Reserves and Surplus | | Total |
|---|---|---|---|---|
| | | Securities Premium Account (Note 9d) | Retained Earnings (Note 9c) | |
| Balance at April 01, 2015 | - | 810.72 | 1,751.11 | 2,561.83 |
| Profit for the year | | | 1,103.07 | 1,103.07 |
| Other comprehensive income/(loss) for the year | | | (2.47) | (2.47) |
| Total comprehensive income for the year | - | - | 1,100.60 | 1,100.60 |
| Transaction with owners in their capacity as owners : | | | | |
| Corporate Guarantee (in nature of equity) | 1.20 | | | 1.20 |
| Dividend Paid | | | | - |
| | 1.20 | - | - | 1.20 |
| Balance at 31st March 2016 | 1.20 | 810.72 | 2,851.72 | 3,663.64 |
| Balance at April 01, 2016 | 1.20 | 810.72 | 2,851.72 | 3,663.64 |
| Profit for the year | | | 127.30 | 127.30 |
| Other comprehensive income/(loss) for the year | | | (1.55) | (1.55) |
| Total comprehensive income for the year | - | - | 125.75 | 125.75 |
| Transaction with owners in their capacity as owners : | | | | |
| Dividend Paid | | | | - |
| | - | - | - | - |
| Balance at 31st March 2017 | 1.20 | 810.72 | 2,977.47 | 3,789.39 |

This is statement of change of equity referred to in our report of even date.

For TR Chadha & Co LLP
Chartered Accountants
Firm Regn. No. 006711N/N500028

Pramod Tiwari
Partner
Membership No. : 76650

Place : Mumbai
Date : April 14, 2017

For and on behalf of the Board

Kaushik Pal
Director
DIN:05237230

Madan Biyani
Director
DIN:07130371

Srilatha Gopal
Company Secretary

Place : Mumbai
Date : April 14, 2017

## DA Toll Road Private Limited
## Notes to Financial Statements

### Note 1: Corporate information

DA Toll Road Private Limited ( the " Company") has been awarded to carry on the business of design, engineer, procure, construct, fabricate, build, improve, strengthen, operate, maintain and provide infrastructural facilities of all types including roads, bridges, culverts, over bridges, underpasses, flyovers, toll plaza, traffic management systems and equipment, buildings and other infrastructures and collect toll, fees, or charges, carry out surveys, investigations, polls and regulate traffic in connection with the project to be taken up by the Company on Design, Build, Operate and Transfer (DBFOT) basis under the Concession Agreement dated July 26, 2010 with National Highways Authority of India. The Concession Agreement is for a period of 26 years from appointed date for Design, Engineering, Construction, Operation and Maintenance for Six laning of Delhi to Agra section of National Highway – 2 (km 20.50 to km 200.00) in the state of Haryana/Uttar Pradesh or otherwise.

### Note 2: Basis of preparation

These Financial Statements of the Company comprises of Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity, a summary of significant accounting policies, notes and other explanatory information.

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 are the first Financial Statements of the Company under Ind AS The Financial Statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These Financial Statements have been prepared on a historical cost basis, except for certain assets and liabilities which have been measured at fair value. For the purpose of preparation of these Financial Statements, the transition date to Ind AS is considered as April 1, 2015.

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

### Accounting standards issued but not yet effective

Ind AS 115 'Revenue from contracts with customers' have been published by Ministry of Corporate Affairs (MCA) but are not yet effective. Ind AS 115 establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contract with customers. Ind AS 115 supersedes other revenue standards i.e. Ind AS 11 and Ind AS 18 notified by Ministry of Corporate Affairs (MCA). Management has undertaken an assessment of the impact of this standard and does not believe that the impact would be material.

### Note 3: Summary of Significant accounting policies

#### 3.1 Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

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

**3.2 Foreign currencies**

**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 Financial Statements are presented in Indian Rupees (₹), which is the Company's functional and presentation currency.

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

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

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

**3.3 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 measured at the fair value of the consideration received or receivable. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the Company's activities, as described below.

**Toll revenue**

The income from toll revenue from operations of the facility is accounted on receipt basis.

**Contract revenue (construction contracts)**

Contract revenue associated with the construction of road is recognized as revenue by reference to the stage of completion of the projects at the balance sheet date. The stage of completion of project is determined by the proportion that contract cost incurred for work performed up to the balance sheet date bears to the estimated total contract costs.

Contract cost includes costs that relate directly to the specific contract and allocated costs that are attributable to the construction of the toll roads. Cost that cannot be attributed to the contract activity such as general administration costs are expensed as incurred and classified as other operating expenses.

**Others**

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

Income on investment is recognized based on the terms of the investment. Income from mutual fund scheme having fixed maturity plans is accounted on declaration of dividend or on maturity of such investments. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rates applicable. For all other financial assets measured at amortised cost interest income is recorded using the Effective Interest Rate (EIR).

### 3.5 Accounting of intangible assets under service concession arrangement

The Company has Toll Road Concession rights where it Designs, Builds, Finances, Operates and Transfers (DBFOT) 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.

**Intangible assets model**
Intangible assets arising out of service concession arrangements are accounted for as intangible assets where the Company has a contractual right to charge users of service when the projects are completed. Apart from above per the service concession agreement the Company is obligated to pay the amount of premium to National Highways Authority of India (NHAI). This premium obligation has been treated as Intangible asset given it is paid towards getting the right to earn revenue by constructing and operating the roads during the concession period.

Hence, the total premium payable to the Grantor as per the Service Concession Agreement is also recognized as an 'Intangible Assets' and the corresponding obligation for committed premium is recognized as premium obligation.

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 time proportion basis on Straight Line method over the period of the concession.

**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 A and Appendix B of Ind AS 11 are recorded in the Balance Sheet under the heading "Other Financial Assets" and recognized at amortised cost.

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

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

**Maintenance obligations**

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

3.6 **Taxes**

**Current Income 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.

**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.

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 Premium Deferment

Premium Deferral (i.e. premium payable less paid after adjusting premium deferment) is aggregated under premium deferred obligation in the balance sheet. The interest payable on the above is aggregated under deferred premium obligation. Interest on premium deferral is charged to the Statement of Profit and Loss.

### 3.10 Contingent liabilities

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.

## 3.11 Impairment of non-financial assets

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

## 3.12 Provisions

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

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

## 3.13 Employee benefits

### (i) Short term obligations

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

### (ii) Leave obligations

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

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

### (iii) Post - employment obligations

The Company operates various post-employment schemes, including
(a) defined benefit plans such as gratuity
(b) defined contribution plans such as provident fund.

**Gratuity Obligations**

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

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

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

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

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

**Defined Contribution plans**

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

### 3.14 Cash and cash equivalents

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

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

### 3.15 Derivatives

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

### 3.16 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.

### 3.17 Financial instruments

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

**Financial assets**

**Initial recognition and measurement**

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

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

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

### Financial Assets at amortised cost

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

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

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

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

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

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

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

### De-recognition

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

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

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

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

**Impairment of financial assets**

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

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

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

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

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

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

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

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

**Financial Liabilities**

**Initial recognition and measurement**

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

All financial liabilities are recognized initially at fair value.

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

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**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.

**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.

**Derivative financial instruments**

**Initial recognition and subsequent measurement**

The Company uses derivative financial instruments –principal only swaps to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

**3.18 Segment information**

The Company is engaged in "Road Infrastructure Project" 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.

**3.19 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 A of Ind AS 11 'Service concession arrangements' is applicable to the Company which provides on accounting by the operators for public-to-private service concession arrangements. The Company has entered into concession arrangement with NHAI as per which the Company would participate in the Design, Build, Finance, Operate and Transfer (DBFOT) basis the toll roads infrastructure. After the end of the concession arrangement, the Company has to transfer the infrastructure i.e. toll roads constructed to National Highway Authorities of India (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 time proportion basis on Straight Line method over the period of the concession.

**(iv) Impairment of concession intangible assets**

The Company tests intangible assets and cash generating units have suffered any impairment, in accordance with the accounting policy stated in note 3.11. The recoverable amount of each cash generating unit has been determined based on the greater of value-in-use and fair value less costs to sell calculations. These calculations require the use of assumptions regarding traffic flows, discount rates, growth rates and other factors affecting operating activities of the cash generating units.

**(v) Fair valuation of derivatives and other financial instruments**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgments to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date.

**(vi) 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.

DA Toll Road Private Limited
Notes to Financial Statements

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

₹ Millions

| Particulars | Toll Collection rights | Intangible assets under development |
|---|---|---|
| **Net carrying amount as at April 1, 2015** | - | **6,719.41** |
| **Year ended March 2016** | | |
| Opening gross carrying amount | - | 6,719.41 |
| Additions | - | 6,058.46 |
| Disposals | - | - |
| **Closing gross carrying amount** | - | 12,777.87 |
| **Accumulated amortization and impairment** | | |
| Opening accumulated amortization and impairment | - | |
| Amortization charge for the year | - | |
| Disposals | | |
| **Closing accumulated amortization and impairment** | - | - |
| **Net carrying amount** | - | **12,777.87** |
| **Year ended March 2017** | | |
| Opening gross carrying amount | - | 12,777.87 |
| Additions | 17,930.29 | 6,748.61 |
| Disposals | - | 17,930.29 |
| **Closing gross carrying amount** | 17,930.29 | 1,596.19 |
| **Accumulated amortization and impairment** | | |
| Opening accumulated amortization and impairment | - | - |
| Amortization charge for the year | 391.88 | - |
| Disposals | - | - |
| **Closing accumulated amortization and impairment** | 391.88 | - |
| **Net carrying amount** | **17,538.41** | **1,596.19** |

## Note 5 - Financial Assets - Current

₹ Millions

| Particulars | As at 31st March, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Note 5 (a) - Cash and Cash equivalents** | | | |
| **Cash and cash equivalents** | | | |
| Balances with banks | | | |
| - in current accounts | 147.64 | 10.56 | 310.87 |
| Deposits with maturity of less than three months | 280.00 | - | - |
| Cash on hand | 12.52 | 4.68 | 8.96 |
| | 440.16 | 15.24 | 319.83 |
| **Note 5 (b) - Other financial assets - current** | | | |
| (Unsecured, considered good) | | | |
| Grant receivable from NHAI | 1,134.44 | 532.16 | - |
| Security deposits | 0.08 | 0.18 | 0.30 |
| Interest accrued on fixed deposits | 1.54 | - | - |
| Retention money receivable from NHAI | - | - | 0.32 |
| Others | 25.27 | 17.07 | 0.00 |
| Claims receivable from NHAI | 6.50 | - | - |
| | 1,167.83 | 549.41 | 0.62 |
| **Note 5 (c) - Other financial assets - Non - current** | | | |
| (Unsecured, considered good) | | | |
| Grant receivable from NHAI | - | 132.21 | 311.41 |
| Derivative financial assets | - | 10.45 | - |
| | - | 142.66 | 311.41 |
| **Note 6 - Other non-current assets** | | | |
| (Unsecured, considered good) | | | |
| Capital Advance | 222.45 | 1,294.41 | 2,276.40 |
| | 222.45 | 1,294.41 | 2,276.40 |
| **Note 7 - Other Current assets** | | | |
| Advance to vendors | 26.56 | 43.84 | 77.65 |
| Advance to employees | 3.30 | 3.08 | 2.51 |
| Prepaid Expenses | 15.15 | 11.10 | 129.23 |
| Duties and taxes receivable | 75.54 | 49.00 | 74.65 |
| | 120.55 | 107.02 | 284.04 |

**Note 8 - Share Capital and Other equity**

**Note 8a - Authorised Share Capital**

₹ Millions

| Particulars | Nos of Shares | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| At the beginning of the year | 1,00,00,000 | 100.00 | 100.00 | 100.00 |
| Add : Increase during the year | - | - | - | - |
| At the end of the year | 1,00,00,000 | 100.00 | 100.00 | 100.00 |
| **Note 8b - Issued, subscribed and paid-up equity share capital** | | | | |
| At the beginning of the year | 90,18,000 | 90.18 | 90.18 | 90.18 |
| Add : Increase during the year | - | - | - | - |
| At the end of the year | 90,18,000 | 90.18 | 90.18 | 90.18 |

**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**

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Nos of Shares at the beginning of the year | 90,18,000 | 90,18,000 | 90,18,000 |
| Add : Nos of Shares issued during the year | - | - | - |
| Nos of Shares at the end of the year | 90,18,000 | 90,18,000 | 90,18,000 |
| **Note 8e - Shares held by the Holding Company** | | | |
| Reliance Infrastructure Limited | 90,18,000 | 90,18,000 | 90,18,000 |
| **Note 8f - Details of Shareholders holding more than 5% shares** | | | |
| **Reliance Infrastructure Limited** | | | |
| Nos of Shares | 90,18,000 | 90,18,000 | 90,18,000 |
| % of holding | 100% | 100% | 100% |

The Holding Company has pledged 45,99,180 Equity Shares for availing various term loans.

**Note 9a - Sub-ordinated debt (in nature of equity)**

₹ Millions

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1, 2015 |
|---|---|---|---|
| At the beginning of the year | 2,876.55 | 2,602.85 | 2,038.75 |
| Increase / (decrease) during the year | 1,572.55 | 273.70 | 564.10 |
| At the end of the year | 4,449.10 | 2,876.55 | 2,602.85 |

**Terms and rights attached to Sub-ordinated debts infused by holding company**

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

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

**Note 9b - Corporate Guarantee (in nature of equity)**

| | | | |
|---|---|---|---|
| At the beginning of the year | 1.20 | - | - |
| Increase / (decrease) during the year | - | 1.20 | - |
| At the end of the year | 1.20 | 1.20 | - |

₹ Millions

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| **Note 9c - Retained Earnings** | | | |
| At the beginning of the year | 2,851.72 | 1,751.11 | |
| Net Profit for the Period | 127.30 | 1,103.07 | |
| Items of other comprehensive income recognised directly in retained earnings | | | |
| - Remeasuremens of post-employements obligations (net of tax) | (1.55) | (2.47) | |
| Dividends paid during the year | - | - | |
| At the end of the year | 2,977.47 | 2,851.72 | 1,751.11 |

₹ Millions

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| **Note 9d - Securities Premium Account** | | | |
| At the beginning of the year | 810.72 | 810.72 | 810.72 |
| Premium on shares issued during the year | - | - | - |
| At the end of the year | 810.72 | 810.72 | 810.72 |

**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.

**DA Toll Road Priv   te Limited**
**Notes to Financi   atements**

**Note 10 (a) - Borrow   gs - Non current**

₹ Millions

| Particulars | As at 31st March, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Secured** | | | |
| **Term loans** | | | |
| From banks | | | |
| Rupee term loan | 5,447.77 | 1,913.04 | 242.60 |
| Foreign currency l | 3,226.29 | 2,106.91 | - |
| From financial instit | | | |
| Rupee term loan | 2,696.10 | 1,060.30 | - |
| **Total** | 11,370.16 | 5,080.25 | 242.60 |

**Rupee Term Loan and External Commercial Borrowings (ECB) from Banks & Financial Institutions :**

The Borrowings are   ured by the way of terms stated in Common Loan Agreement entered between the Company and Consortium of lend

(i) a first ranking pa   assu mortgage/charge over all the Borrower's immoveable and movable properties, both present and future, except the Pr   t Assets. ;

(ii) a first ranking pa   assu charge on all the Borrower's bank accounts including, but not limited to the Escrow Account/ its Sub-Accounts wher   l revenues, Disbursements, receivables shall be deposited and in all funds from time to time deposited therein a   n all Permitted Investments or other securities representing all amounts credited to the Escrow Account.

(iii) a first ranking p   i passu charge on all movable tangible and intangible assets of the Borrower (other than those specified in paragr   ) above and (iv) below) including but not limited to its goodwill, undertaking and uncalled capital, both present and fu   xcept the Project Assets.;

(iv) a first ranking   passu charge over / assignment of the right, title, interests, benefits, claims and demands of the Borrower in, to an   er any letter of credit, guarantees (except the guarantees issued in favour of NHAI) including contractor guarante   liquidated damages and performance bond provided by any party to the Project Documents.

(v) Repayment Te

a) Repayment of the   pee Loan shall be in 46 (Forty Six) quarterly structured instalments starting from 31/03/2018

b) Repayment of   CB from Intesa & SBI Mauritius shall be in 26 quarterly structured instalments starting from 31/03/2018.

(vi) the applicable i   t rate for Rupee Term Loan varies from 11.50% to 13.50% p.a. and for ECB from Intesa and SBI Mauritius is 3 mont   + 4.44%/ 4.62%

(vii) The Company h   pledged 45,99,180 equity shares with the consortuim lenders for availing various loans.

**Note 10 (b) - Borro   gs - Current**

| Particulars | As at 31st March, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Unsecured** | | | |
| Loan from Holding C   pany | 154.40 | 114.50 | 26.80 |
| | 154.40 | 114.50 | 26.80 |

## DA Toll Road Private Limited
## Notes to Financial Statements

₹ Millions

| Particulars | As at 31st March, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Note 11 - Trade Payables** | | | |
| Due to Micro and Small Enterprises | - | - | - |
| Due to other than Micro and Small Enterprises | 757.51 | 78.11 | 14.87 |
| | 757.51 | 78.11 | 14.87 |

**(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 (a) - Other financial liabilities - current**

| Particulars | As at 31st March, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Current Maturities of long term debt | 94.21 | 56.32 | - |
| Interest Accrued | 1.51 | 0.88 | - |
| Creditors for Capital expenditure | 467.29 | 2,385.59 | 4,046.11 |
| Employee benfits payable | 15.09 | 17.46 | 0.55 |
| Total | 578.10 | 2,460.26 | 4,046.66 |
| **Note 12 (b) - Other financial liabilities - Non - current** | | | |
| **Non - Current** | | | |
| Retention money payable | 3.25 | 651.46 | 367.74 |
| Derivative liability ( Mark to Market) on derivative instruments | 132.69 | - | - |
| **Total** | 135.94 | 651.46 | 367.74 |
| **Note 13 (a) - Provisions - Current** | | | |
| **Current** | | | |
| Provision for employee benefits | | | |
| - Gratuity | - | - | 0.00 |
| - Leave encashment | 0.39 | 0.34 | 0.16 |
| | 0.39 | 0.34 | 0.16 |
| **Note 13 (b) - Provisions - Non - Current** | | | |
| Provision for employee benefits | | | |
| - Gratuity | 3.31 | 0.06 | - |
| - Leave encashment | 9.62 | 7.80 | 3.66 |
| | 12.93 | 7.86 | 3.66 |
| **Note 14 - Other current liabilities** | | | |
| Duties and taxes payable | 2.57 | 12.99 | 9.24 |
| | 2.57 | 12.99 | 9.24 |

DA Toll Road Private Limited
Notes to Financial Statements

₹ Millions

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Note 15 - Revenue** | | |
| Operating income | | |
| - Construction income | 6,624.56 | 5,909.76 |
| - Income from toll collections | 1,645.45 | 1,648.91 |
| Compensation towards toll suspension | 67.25 | - |
| | 8,337.26 | 7,558.67 |
| **Note 16 - Other income** | | |
| Mark to market gain on derivaties instrument | - | 10.45 |
| Interest income | | |
| - On financial assets carried at amortised cost | 84.69 | 47.75 |
| - On fixed deposits | 5.98 | 2.60 |
| - Others | - | 0.02 |
| Miscellaneous income | 0.04 | 0.01 |
| | 90.71 | 60.82 |
| **Note 17 - Toll Operation and Maintainence expenses** | | |
| Subcontracting expenses | 89.28 | 61.99 |
| Maintainence of Roads | 677.22 | 153.56 |
| Electricity expenses | 6.13 | 4.72 |
| Handling Charges | 2.76 | 3.64 |
| Site and other direct expenses | 62.85 | 63.97 |
| | 838.24 | 287.89 |
| **Note 18 - Employee benefits expenses** | | |
| Salaries wages and bonus | 61.22 | 61.98 |
| Contribution to provident funds and other funds | 3.62 | 2.86 |
| Gratuity | 1.58 | 0.94 |
| Leave encashment | 3.85 | 5.47 |
| Staff welfare expenses | 1.16 | 1.09 |
| | 71.43 | 72.34 |
| **Note 19 - Finance Costs** | | |
| Interest on loan | 338.28 | 19.04 |
| Other finance charges | 12.69 | 29.59 |
| Derivative hedging cost | 143.14 | - |
| | 494.11 | 48.63 |
| **Note 20 - Other expenses** | | |
| Rent | 14.42 | 6.89 |
| Rates & taxes | 0.91 | 0.35 |
| Insurance | 15.92 | 29.18 |
| Legal and Professional Charges | 33.58 | 53.25 |
| Expenditure toward Corporate Social responsibility | 15.05 | - |
| Auditors Remuneration | 0.53 | 0.39 |
| Travelling and Conveyance | 3.13 | 2.74 |
| Other miscellaneous expenses | 7.40 | 14.97 |
| | 90.94 | 107.77 |

DA Toll Road Private Limited
Notes to Financial Statements

Note 21 - Fair value measurements

Financial Instruments by category

**Signficance of financial instruments**

₹ Millions

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| **Financial assets** | | | |
| **At amortised Cost** | | | |
| Grant receivable from NHAI | 1,134.44 | 664.37 | 311.41 |
| Security Deposits | 0.08 | 0.18 | 0.30 |
| Interest accrued on fixed deposits | 1.54 | - | - |
| Other receivables | 25.27 | 17.07 | 0.00 |
| Cash and Cash equivalent | 440.16 | 15.24 | 319.83 |
| Claims receivable from NHAI | 6.50 | - | |
| **At Fair value through profit & loss** | | | |
| Foreign currency forward exchange contracts | - | 10.45 | - |
| **Total financial assets** | **1,607.99** | **707.31** | **631.86** |
| **Financial liabilities** | | | |
| **At amortised Cost** | | | |
| Floating Rate Borrowings | 11464.37 | 5136.56 | 242.60 |
| Trade Payables | 757.51 | 78.11 | 14.87 |
| Retention money payable | 3.25 | 651.46 | 367.74 |
| Interest accrued but not due | 1.51 | 0.88 | - |
| Employee Benefits Payable | 15.09 | 17.46 | 0.55 |
| Creditors for capital expenditure | 467.29 | 2,385.59 | 4,046.11 |
| **At Fair value through profit & loss** | | | |
| Foreign currency forward exchange contracts | 132.69 | - | - |
| **Total financial liabilities** | **12841.72** | **8270.08** | **4671.88** |

## Note 22 - Fair value Hierarchy

### (a) Fair value hierarchy - Recurring fair value measurements

₹ Millions

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| **Financial assets** | | | |
| **At Fair value through profit & loss** | | | |
| **Level 1** | | | |
| Mutual fund Investments | - | - | - |
| **Derivatives not designated as hedges** | | | |
| **Level 2** | | | |
| Principal swap | - | 10.45 | - |
| **Total financial assets** | - | 10.45 | - |
| **Financial liabilities** | | | |
| **Derivatives not designated as hedges** | | | |
| **Level 2** | | | |
| Principal swap | 132.69 | - | - |
| **Total financial liabilities** | 132.69 | - | - |

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

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| **Financial assets** | | | |
| **Level 3** | | | |
| Grant receivable from NHAI | 1,134.44 | 664.37 | 311.41 |
| **Total financial assets** | 1,134.44 | 664.37 | 311.41 |
| **Financial liabilities** | | | |
| **Level 3** | | | |
| Floating Rate Borrowings | 11,464.37 | 5,136.56 | 242.60 |
| Retention money payable | 3.25 | 651.46 | 367.74 |
| **Total financial liabilities** | 11467.63 | 5788.02 | 610.34 |

**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, Rerention money payable and hedging derivative included in level 3

**Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

• the use of quoted market prices or dealer quotes for similar instruments

• the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date

• the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

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

₹ Millions

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| **Financial assets** | | | |
| **Carrying value of financial assets at amortised cost** | | | |
| Grant receivable from NHAI | 1,134.44 | 664.37 | 311.41 |
| **Total Financial assets at amortised cost** | **1,134.44** | **664.37** | **311.41** |
| **Fair value of financial assets carried at amortised cost** | | | |
| Grant receivable from NHAI | 1,134.44 | 664.37 | 311.41 |
| **Total Fair value of financial assets at amortised cost** | **1,134.44** | **664.37** | **311.41** |
| **Financial liabilities** | | | |
| **Carrying value of financial liabilities at amortised cost** | | | |
| Floating rate borrowigns | 11,464.37 | 5,136.56 | 242.60 |
| Retention money | 3.25 | 651.46 | 367.74 |
| | **11,467.63** | **5,788.02** | **610.34** |
| **Fair value of financial liabilities carried at amortised cost** | | | |
| Floating rate borrowigns | 11,464.37 | 5,136.56 | 242.60 |
| Retention money | 3.25 | 651.46 | 367.74 |
| | **11,467.63** | **5,788.02** | **610.34** |

The carrying value amounts of fixed deposits, interest accrued on depoists, 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.

Note 23 - Concession arrangements - Main features

₹ Millions

| Name of entity | Description of the arrangement | Significant terms of the arrangement | Intangible Assets | | Financial Asset |
|---|---|---|---|---|---|
| | | | Gross book value | Net book value | |
| DA Toll Road Private Limited | Financing, design, building and operation of 180 kilometre long six lane toll road between Delhi and Agra on National Highway 2 | Period of concession: 2012 - 2038<br>Remuneration : Toll<br>Investment grant from concession grantor : Yes<br>Infrastructure return at the end of concession period : Yes<br>Investment and renewal obligations : Nil<br>Re-pricing dates : Yearly<br>Basis upon which re-pricing or re-negotiation is determined : Inflation<br>Premium payable to grantor : Nil | **March 31, 2017**<br>17,930.29<br>**March 31, 2016**<br>-<br>**April 1, 2015**<br>- | **March 31, 2017**<br>17,538.41<br>**March 31, 2016**<br>-<br>**April 1, 2015**<br>- | **March 31, 2017**<br>1,134.44<br>**March 31, 2016**<br>664.37<br>**April 1, 2015**<br>311.41 |

## Note 24 - Foreign currency exposure

a) Particulars of derivative Instruments

₹ Millions

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| Principal only Swap | 37.13 | 23.09 | - |
| | 37.13 | 23.09 | - |
| No of instruments | 4 | 2 | |

No derivative instruments are acquired for speculation purpose.

b) **Foreign currency exposures not hedged by derivative instrument or otherwise:**

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| Borrowings (including interest accrued but not due) in USD in millions | 62.88 | 42.22 | - |
| Borrowings (including interest accrued but not due) in INR in millions | 4,077.68 | 2,797.09 | - |
| | 4,077.68 | 2,797.09 | - |

## Note 25 - Expenditure in Foreign Currency

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| Interest on External Commercial Borrowings (ECB) | 151.34 | 90.54 | - |
| Agency fees on External Commercial Borrowings (ECB) | 13.58 | 107.82 | 34.11 |
| | 164.93 | 198.36 | 34.11 |

## Note 26 - Capitalisation of exchange differences on long term foreign currency monetary item

The Company has opted to defer / capitalize exchange differences arising on long-term foreign currency monetary item in accordance with para 46A of AS 11 of Previous GAAP. Ind AS 21 requires all exchange gain/losses arising on foreign currency monetary to be recognized under Statement of profit and loss. The Company has availed option available under Ind AS 101 as per which it has it can continue the Indian GAAP policy for accounting of exchange gain/loss arising on account of translation of long term foreign currency item recognized before transition date i.e. March 31, 2015. However exchange gain / loss arising on any new long-term foreign currency monetary item recognized after the transition date i.e. March 31, 2015 would be recognized to statement of profit and loss as required under Ind AS 21.

DA Toll Road Private Limited
Notes to Financial Statements

Note 27 - Taxation

27(a) Income tax expense

₹ Millions

| | | March 31, 2017 | March 31, 2016 |
|---|---|---|---|
| **(a) Income tax expense** | | | |
| *Current tax* | | | |
| Current tax on profits for the year | | 13.60 | 280.00 |
| Adjustments for current tax of prior periods | | - | 35.07 |
| **Total current tax expense** | (A) | 13.60 | 244.93 |
| *Deferred tax* | | | |
| Decrease/(increase) in deferred tax assets | | 102.68 | 162.61 |
| (Decrease)/increase in deferred tax liabilities | | (196.88) | (201.63) |
| **Total deferred tax expense/(benefit)** | (B) | (94.20) | (39.02) |
| **Income tax expense** | (A + B) | (80.60) | 205.91 |
| **Income tax expense is attributable to:** | | | |
| Profit from continuing operations | | - | - |
| Profit from discontinued operation - | | - | - |

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

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| Profit from continuing operations before income tax expense | 46.70 | 1,308.98 |
| Profit from discontinuing operation before income tax expense | - | - |
| Tax at the Indian tax rate of 34.608% | 16.16 | 453.01 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Disallowence U/s 43B | | 1.52 |
| Deductions under chapter VI of the Income Tax Act | (13.84) | (464.62) |
| Income Tax under section 115 JB on the book profit | 9.97 | 279.36 |
| Deductions allowable under section 115JB | 3.63 | 0.64 |
| Other temporary differences | (103.85) | (28.94) |
| Effect on account of transition (1/5 of retained earnings) | 2.12 | |
| Corporate social responsibility expenditure | 5.21 | - |
| Adjustments for current tax of prior periods | - | (35.07) |
| Income tax expense charged to statement of Profit and Loss | (80.60) | 205.91 |

27(c) Deferred tax (liability) / Asset
The balance comprises temporary differences attributable to :

₹ Millions

| Particulars | As at 31st March, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Intangible assets | | | |
| Toll collection rights | 503.21 | - | - |
| Intangible assets under development | 157.79 | 464.12 | 262.49 |
| **Other items** | | | |
| Derivatives | 45.92 | (3.62) | |
| Grant receivable from NHAI | (394.88) | (229.93) | (147.57) |
| Borrowings | (78.51) | (87.34) | (3.53) |
| Retention Money Payable | (10.07) | (10.74) | (17.72) |
| Retirement benefit obligation | 6.86 | 2.82 | 1.32 |
| Net deferred tax (liability)/asset | 230.33 | 135.32 | 94.99 |

**Movement in deferred tax liability / asset**

₹ Millions

| Particulars | Intangible assets - toll collection rights | Intangible assets under development | Other items | Total |
|---|---|---|---|---|
| **As at April 01, 2015** | - | 262.49 | (168.59) | 93.90 |
| Charged/(credited) during the year | | | | |
| to profit or loss | - | 201.63 | (162.61) | 39.02 |
| to other comprehensive income | - | - | (1.31) | (1.31) |
| **As at March 31, 2016** | - | 464.12 | (332.51) | 131.61 |
| **As at April 01, 2016** | - | 464.12 | (332.51) | 131.61 |
| Charged/(credited) during the quarter | | | | |
| to profit or loss | 503.21 | (306.34) | (102.68) | 94.20 |
| to other comprehensive income | - | - | (0.82) | (0.82) |
| **As at March 31, 2017** | 503.21 | 157.79 | (436.01) | 224.99 |

DA Toll Road Private Limited
Notes to Financial Statements

## Note 28 – Financial risk management

The Company activities exposes it to market risk, liquidity risk and credit risk. In order to minimize any adverse effects on the financial performance of the group, derivative financial instruments, such as principal only swaps are entered to hedge certain foreign currency risk exposure. Derivatives are used exclusively for hedging purpose and not as trading or speculative instruments

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

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost. | Aging analysis Credit ratings | Diversification of bank deposits, credit limits and letters of credit |
| Market risk — foreign exchange | Recognized financial assets and liabilities not denominated in Indian rupee (INR) | Cash flow forecasting Sensitivity analysis | Actively Managed |
| Market risk — interest rate | Long-term borrowings at variable Rates | Sensitivity analysis | Actively Managed |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |

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

**Commodity risk:**

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

**Market risk — interest rate risk**

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

**a) Interest rate risk exposure**

₹ Millions

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| Variable Rate Borrowings | 11,464.37 | 5,136.56 | 242.60 |
| Fixed Rate Borrowings | - | - | - |
| **Total** | **11,464.37** | **5,136.56** | **242.60** |

**Sensitivity**

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

| Impact on profit/loss after tax | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| Interest rates (increase) by 1 basis points | (90.57) | (40.58) | (1.92) |
| Interest rates decrease by 1 basis points | 90.57 | 40.58 | 1.92 |

DA Toll Road Private Limited
**Notes to Financial Statements**

## Note 28 – Financial risk management

### Currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Comapny exposure to the risk of changes in foreign exchange rates relates to the company foreign currency loan i.e. External Commercial Borrowings (ECB). The Company has an aggregate of USD 50 mn ECBs

**Foreign currency risk exposure**

₹ Millions

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| **Financial liabilities** | | | |
| Interest Accrued but not due on foreign borrowings | 0.82 | 0.44 | - |
| External commercial borrowings | 3,242.50 | 2,163.23 | |
| **Total** | **3,243.32** | **2,163.66** | - |

**Sensitivity analysis:**

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the company profit before tax is due to changes in the fair value of monetary liabilities. The Company has used exemption under Ind AS 101 for existing long term foreign currency non-monetary items. The Company continue to apply the policy adopted for treatment of exchange differences arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset for items recognized on or before March 31, 2013 and hence, not considered in disclosure of foreign currency sensitivity. With all other variables held constant, the Copmany profit before tax is affected through the impact on change of foreign currency rate on interest accrued but not due on ECB loans, as follows

**Sensitivity**

₹ Millions

| Impact on profit after tax | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| INR/USD closing exchange rate | 64.85 | 66.255 | - |
| INR/USD (increase) by 6% | (153.73) | (102.56) | |
| INR/USD decrease by 6% | 153.73 | 102.56 | |

DA Toll Road Private Limited
Notes to Financial Statements

## Note 28 – Financial risk management

### Liquidity risk

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

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

₹ Millions

| As at March 31, 2017 | Less than 3 months | Between 3 months and 1 year | Between 1 year and 2 years | Between 2 years and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| Borrowings | - | 94.21 | 409.28 | 2,134.19 | 9,053.52 | 11,691.20 |
| Trade and other payables | 189.38 | 568.13 | | | | 757.51 |
| Other financial liabilities | - | 648.92 | - | - | - | 648.92 |
| **Total non-derivatives** | **189.38** | **1,311.27** | **409.28** | **2,134.19** | **9,053.52** | 13,097.63 |

| As at March 31, 2016 | Less than 3 months | Between 3 months and 1 year | Between 1 year and 2 years | Between 2 years and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| Borrowings | - | - | 94.56 | 1,648.24 | 3,646.12 | 5,388.93 |
| Trade and other payables | 19.53 | 58.59 | - | - | - | 78.11 |
| Other financial liabilities | 111.96 | 2,974.49 | - | - | - | 3,086.45 |
| **Total non-derivatives** | **131.49** | **3,033.07** | **94.56** | **1,648.24** | **3,646.12** | 8,553.49 |

| As at April 1, 2015 | Less than 3 months | Between 3 months and 1 year | Between 1 year and 2 years | Between 2 years and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| Borrowings | - | - | - | 252.80 | - | 252.80 |
| Trade and other payables | 3.72 | 11.15 | - | - | - | 14.87 |
| Other financial liabilities | - | 4,046.66 | 418.94 | - | - | 4,465.61 |
| **Total non-derivatives** | **3.72** | **4,057.82** | **418.94** | **252.80** | - | 4,733.28 |

## Note 29 - Capital risk management

The Company objectives when managing capital are to

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

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

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

In order to achieve this overall objective, the company capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No changes were made in the objectives, policies or processes for managing capital for year ended March 31, 2017 and March 31, 2016.

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)

The company strategy is to maintain a debt to equity ratio within (0.01) to 1.50 The gearing ratios at year ended March 31, 2017 and March 31, 2016 were as follows:

₹ Millions

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Net debt (a) | 11,178.61 | 5,235.82 | (50.43) |
| Equity (b) | 8,328.67 | 6,630.37 | 5,254.86 |
| **Net debt to equity ratio (a) / (b)** | 1.34 | 0.79 | (0.01) |

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Net debt (a) | 11,178.61 | 5,235.82 | (50.43) |
| Equity (b) | 8,328.67 | 6,630.37 | 5,254.86 |
| Nebt debt plus Equity (c = a+b) | 19,507.28 | 11,866.19 | 5,204.44 |
| **Gearing ratio (a) / c** | 0.57 | 0.44 | (0.01) |

DA Toll Road Private Limited
Notes to Financial Statements

**Note 30- Gratuity and other post-employment benefit plans**

₹ Millions

**a) Defined contribution plan**

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

| | Year ended March 31, 2017 | Year ended March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Contribution to provident fund and other funds | 2.44 | 1.98 | 1.21 |
| Total | 2.44 | 1.98 | 1.21 |

**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:

| | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Opening defined benefit liability / (assets)** | 8.51 | 3.51 | 1.51 |
| **Net employee benefit expense recognised in the employee cost** | | | |
| Current service cost | 1.59 | 0.96 | 0.54 |
| Past service cost | - | - | - |
| Interest cost on benefit obligation | 0.65 | 0.27 | 0.13 |
| (Gain) / losses on settlement | - | - | - |
| **Net benefit expense** | 2.25 | 1.23 | 0.68 |
| **Amount recorded in Other Comprehensive Income (OCI)** | | | |
| Measurement during the period due to : | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | - | - |
| Actuarial loss / (gain) arising from change in financial assumptions | 0.95 | 0.04 | 0.39 |
| Actuarial loss / (gain) arising on account of demographic assumptions | - | - | - |
| Experience (gains)/losses | 1.43 | 3.72 | 1.01 |
| **Amount recognized in OCI** | 2.38 | 3.77 | 1.40 |
| Benefits payments from plan | (0.55) | - | 0.07 |
| **Closing net defined benefit liability / (asset)** | 12.59 | 8.51 | 3.51 |

| | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Opening fair value of plan assets** | 8.46 | 3.51 | 1.51 |
| **Net employee benefit expense recognised in the employee cost** | | | |
| Interest cost / (income) on plan asset | 0.67 | 0.29 | 0.16 |
| (Gain) / losses on settlement | - | - | - |
| **Net benefit expense** | 0.67 | 0.29 | 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) | 0.01 | 0.01 | 0.00 |
| Actuarial loss / (gain) arising from change in financial assumptions | - | - | - |
| Actuarial loss / (gain) arising on account of demographic assumptions | - | - | - |
| Experience (gains)/losses | - | - | - |
| Asset ceiling not recognised as an asset | - | - | - |
| **Amount recognized in OCI** | 0.01 | 0.01 | 0.00 |
| Employer contributions/premiums paid | 0.70 | 4.66 | 1.92 |
| Benefits Paid | (0.55) | - | 0.07 |
| **Closing fair value of plan assets** | 9.28 | 8.46 | 3.51 |

**Note 30- Gratuity and other post-employment benefit plans**

The net (liability)/asset disclosed above relates to funded plan is as follows:

₹ Millions

| | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Present value of funded obligations | 12.59 | 8.51 | 3.51 |
| Fair value of plan assets | 9.28 | 8.46 | 3.51 |
| Amount not recognised as an asset (asset ceiling) | | | |
| | 3.31 | 0.06 | 0.00 |
| **Net liability is bifurcated as follows :** | | | |
| Current | - | - | - |
| Non-current | 3.31 | 0.06 | 0.00 |
| **Total** | **3.31** | **0.06** | **0.00** |
| Discount rate | 7.05% | 7.80% | 7.85% |
| Expected rate of return on plan assets (p.a.) | | | |
| Salary escalation rate (p.a.) | 7.50% | 7.50% | 7.50% |
| Mortality pre-retirement | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |

A quantitative analysis for significant assumption is as shown below:

| | | | |
|---|---|---|---|
| **Assumptions -Discount rate** | | | |
| Sensitivity Level | 50 bp | 50 bp | 50 bp |
| Impact on defined benefit obligation -in % increase | -5.12% | -5.05% | -5.56% |
| Impact on defined benefit obligation -in % decrease | 5.51% | 5.43% | 6.02% |
| **Assumptions -Future salary increases** | | | |
| Sensitivity Level | 50 bp | 50 bp | 50 bp |
| Impact on defined benefit obligation -in % increase | 5.46% | 5.42% | 6.01% |
| Impact on defined benefit obligation -in % decrease | -5.12% | -5.09% | -5.60% |

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:

| | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Within the next 12 months (next annual reporting period)** | 0.39 | 0.29 | 0.13 |
| Between 2 and 5 years | 2.28 | 1.67 | 0.83 |
| Between 6 and 9 years | 4.89 | 4.05 | 0.90 |
| For and Beyond 10 years | 22.47 | 16.24 | 8.50 |
| **Total expected payments** | **30.03** | **22.26** | **10.36** |
| The average duration of the defined benefit plan obligation at the end of the reporting period | 10.61 years | 10.47 years | 11.56 years |

**Plan Assets Composition**

| | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non Quoted** | | | |
| Insurer Managed Funds | 9.28 | 8.46 | 3.51 |
| | **9.28** | **8.46** | **3.51** |

**DA Toll Road Private Limited**
**Notes to Financial Statements**

Note 31 - Related Party Transactions

As per accounting standard Ind AS 23 as prescribed under the Companies (Accounting Standard) Rules, 2015, the related parties and transactions are disclosed below :

**Holding Company**
Reliance Infrastructure Limited

**Key Management Personnel**
Kaushik Pal - Director (w.e.f. October 1, 2015)
Sudhir R Hoshing - Director (till February 28, 2015)
Madan Biyani - Director (w.e.f. March 31, 2015)
Srilatha Gopal- Company Secretary

**Person having singificant influence on the Holding Company**

Shri Anil .D. Ambani

**Details of transactions and closing balance** ₹ Millions

| **Particulars** | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
|---|---|---|---|
| **Transactions during the year :** | | | |
| **Toll operation and maintainence expenses** | | | |
| R Infra | 48.80 | 42.12 | |
| **Reimbursement of expenditure paid by** | | | |
| R Infra | 1.28 | 5.46 | |
| **Sub-debts received (in nature of equity)** | | | |
| R Infra | 1,572.55 | 273.70 | |
| **Inter-corporate deposit received during the year** | | | |
| R Infra | 39.90 | 87.70 | |
| **Balances at the year end** | | | |
| **Inter-corporate deposit** | | | |
| R Infra | 154.40 | 114.50 | 26.80 |
| **Other current liabilities** | | | |
| R Infra | 50.70 | 82.70 | 42.07 |
| **Sub-debts (in nature of equity)** | | | |
| R Infra | 4,449.10 | 2,876.55 | 2,602.85 |
| **Equity share capital (excluding premium)** | | | |
| R Infra | 90.18 | 90.18 | 90.18 |

## Note 32 - FIRST TIME ADOPTION OF IND AS

The Company has prepared these Financial Statements which comply with Ind AS applicable for the periods ending March 31, 2017 together with the comparative period data as at and for the year ended March 31, 2016 respectively as described in the summary of significant accounting policies. In preparing these financial statements, the Company has considered April 01, 2015 as the date of transition and has adjusted the amounts reported previously in the financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (Previous GAAP or Indian GAAP).

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards.

In preparing these Ind AS Financial Statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the Financial Statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its Previous GAAP Financial Statements, including the Balance Sheet as at April 01, 2015.

### A. Exemptions from retrospective application

Ind AS 101 allows first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. The Company has elected to apply the following optional exemptions from retrospective application of Ind AS.

**(a) Long term foreign currency monetary item**

The Company has used exemption under Ind AS 101 for existing long term foreign currency monetary item. The Company continues to apply the policy adopted for treatment of exchange differences arising on long term foreign currency monetary items pertaining to acquisition of a depreciable assets for the items recognised on or before March 31, 2015

**(b) Amortization of intangible assets arising from service concession arrangements**

The Company has used exemption under Ind AS 101 and has continue to adopt the accounting policy of Previous GAAP for amortization for intangible assets arising from service concession arrangements relating to concession toll roads intangible assets recognized in the Financial Statements.

### B. Exceptions from retrospective application

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

**(a) Estimates**

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence that those estimates were in error. However, estimates, that were required under Ind AS but not required under Previous GAAP, are made by the Company for the relevant reporting dates, reflecting conditions existing as at that date.

**(b) Classification and measurement of financial assets**

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

### C. Transition to Ind AS - Reconciliations

Ind AS 101 requires an entity to reconcile equity, cash flows for the prior periods. The following table represents the reconciliations from previous Indian GAAP to Ind AS.

I. Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015
II. Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016
III. Reconciliation of total equity as at March 31, 2016 and April 1, 2015
IV. Reconciliation of total comprehensive income for the year ended March 31, 2016
V. Material adjustments to the statement of cash flows

#### I. Effect of Ind AS adoption on the Balance Sheet

₹ Millions

| Particulars | Notes to first time adoption | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|---|---|---|---|---|---|---|
| | | Indian GAAP | Ind AS adjustments | Ind AS | Indian GAAP | Ind AS adjustment | Ind AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| (a) Intangible assets | (i) | 12.82 | (12.82) | - | 18.82 | (18.82) | - |
| (b) Intangible assets under development | (i) | 13,817.91 | (1,040.05) | 12,777.87 | 7,304.85 | (585.44) | 6,719.41 |
| (c) Financial Assets | | | | | | | |
| (i) Other Financial Assets | (i) | - | 142.66 | 142.66 | - | 311.41 | 311.41 |
| (d) Deferred tax assets (net) | (ii) | - | 135.32 | 135.32 | - | 94.99 | 94.99 |
| (e) Other non - current assets | | 1,294.41 | - | 1,294.41 | 2,276.40 | - | 2,276.40 |
| **Current assets** | | | | | | | |
| (a) Financial Assets | | | | | | | |
| (i) Cash and cash equivalents | | 15.24 | - | 15.24 | 319.83 | - | 319.83 |
| (ii) Other financial asset | (i) | 26.09 | 523.32 | 549.41 | 0.62 | - | 0.62 |
| (b) Current Tax Assets (Net) | | 14.21 | - | 14.21 | - | - | - |
| (c) Other current assets | (i) | 107.02 | - | 107.02 | 169.04 | 114.99 | 284.04 |
| **Total Assets** | | **15,287.70** | **(251.57)** | **15,036.13** | **10,089.58** | **(82.88)** | **10,006.70** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **EQUITY** | | | | | | | |
| (a) Equity share capital | | 90.18 | - | 90.18 | 90.18 | - | 90.18 |
| Sub Ordinated Debt | (iii) | - | 2,876.55 | 2,876.55 | - | 2,602.85 | 2,602.85 |
| (b) Other equity | | 3,831.79 | 31.84 | 3,863.64 | 2,583.31 | (21.47) | 2,561.83 |
| **LIABILITIES** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| (a) Financial Liabilities | | | | | | | |
| (i) Borrowings | (iii & iv) | 8,209.16 | (3,128.91) | 5,080.25 | 2,855.65 | (2,613.05) | 242.60 |
| (ii) Other financial liabilities | (v) | 682.51 | (31.05) | 651.46 | 418.94 | (51.20) | 367.74 |
| (b) Provisions | | 7.86 | - | 7.86 | 3.68 | - | 3.68 |
| **Current liabilities** | | | | | | | |
| (a) Financial Liabilities | | | | | | | |
| (i) Borrowings | | 114.50 | - | 114.50 | 28.80 | - | 28.80 |
| (ii) Trade payables | | 78.11 | - | 78.11 | 14.87 | - | 14.87 |
| (iii) Other financial liabilities | | 2,460.26 | - | 2,460.26 | 4,046.66 | - | 4,046.66 |
| (b) Other current liabilities | | 12.99 | - | 12.99 | 9.24 | - | 9.24 |
| (c) Provisions | | 0.34 | - | 0.34 | 0.16 | - | 0.16 |
| (d) Current Tax Liabilities (Net) | | - | - | - | 40.10 | 0.00 | 40.11 |
| **Total Equity and Liabilities** | | **15,287.70** | **(251.57)** | **15,036.13** | **10,089.58** | **(82.87)** | **10,006.70** |

*The presentation requirements under Previous GAAP differs from and hence the Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The regrouped Previous GAAP information is derived based on the audited financial statements of the Company.

## II Effect of Ind AS adoption on the Statement of Profit and Loss

₹ Millions

| Particulars | Notes to first time adoption | For the year ended March 31, 2016 Indian GAAP | Ind AS adjustments | Ind AS |
|---|---|---|---|---|
| Revenue from Operations | (i) | 1,646.91 | 5,909.76 | 7,556.67 |
| Other Income | (i) | 2.63 | 58.19 | 60.82 |
| **Total Income** | | **1,651.56** | **5,967.95** | **7,619.49** |
| **Expenses** | | | | |
| Toll Operation and Maintainence expenses | (i) | 261.93 | 25.96 | 287.89 |
| Construction cost | (i) | - | 5,793.88 | 5,793.88 |
| Employee benefits expense | (i) | 38.06 | 34.28 | 72.34 |
| Finance costs | (i) | - | 48.63 | 48.63 |
| Amortization expense | (i) | 8.14 | (8.14) | - |
| Other expenses | (i) | 50.00 | 57.77 | 107.77 |
| **Total expenses** | | **388.13** | **5,952.38** | **6,310.51** |
| **Profit / (loss) before tax** | | **1,283.42** | **15.57** | **1,308.99** |
| **Tax expense** | | | | |
| Current tax | | 244.93 | | 244.93 |
| Deferred tax charge/(credit) | (ii) | - | (39.02) | (39.02) |
| | | 244.93 | (39.02) | 205.91 |
| **Profit/(Loss) for the period** | | **1,048.48** | **54.59** | **1,103.07** |
| **Other Comprehensive Income** | | | | |
| **(i) Items that will not be reclassified to profit or loss** | | | | |
| Remeasurements of net defined benefit plans : Gains / (Loss) | | - | (3.78) | (3.78) |
| **(ii) Income tax relating to items that will not be reclassified to profit or loss** | | | | |
| Remeasurements of net defined benefit plans | | - | (1.31) | (1.31) |
| **Other Comprehensive Income/(Loss) for the year** | | - | **(2.47)** | **(2.47)** |
| **Total Comprehensive Income/(Loss) for the year** | | **1,048.48** | **52.12** | **1,100.60** |

*The presentation requirements under Previous GAAP differs from and hence the Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The regrouped Previous GAAP information is derived based on the audited financial statements of the Company.

## III. Reconciliation of Total Equity

| Particulars | Notes to first time adoption | March 31, 2016 | April 01, 2015 |
|---|---|---|---|
| **Total equity (shareholder's funds as per Indian GAAP)** | | 3,631.79 | 2,583.31 |
| **Adjustments:** | | | |
| Retrospective application of service concessionaire arrangements | (i) | (175.73) | (129.38) |
| Discounting impact of Financial assets recognised under concessionaire arrangement | (i) | 60.67 | 12.92 |
| Sub-ordinated debt in nature of equity | (iii) | 2,876.55 | 2,602.85 |
| Other | | 11.59 | - |
| Tax effects on adjustments (deferred tax impact) | (ii) | 135.32 | 94.99 |
| **Total adjustments** | | **2,908.39** | **2,581.38** |
| **Total equity (shareholder's funds as per Ind AS)** | | **6,540.19** | **5,164.69** |

## IV. Reconciliation of total comprehensive income for the year ended March 31, 2016

| Particulars | Notes to first time adoption | Year ended March 31, 2016 |
|---|---|---|
| **Net profit or (loss) as per Previous GAAP (Indian GAAP)** | | 1,048.48 |
| **Adjustments:** | | |
| Adjustments relating Service Concession Arrangements | (i) | (46.35) |
| Unwinding of discount on Financial assets recognised under concessionaire arrangement | (i) | 47.75 |
| Others | | 10.39 |
| Tax effects on adjustments (deferred tax impact) | (ii) | 40.33 |
| **Total adjustments** | | **52.12** |
| **Total comprehensive income/(loss) under Ind AS** | | **1,100.60** |

## V. Material adjustments to the statement of cash flows

₹ Millions

| | Year ended March 31, 2016 Indian GAAP | Ind AS adjustments | Ind AS |
|---|---|---|---|
| Net cash generated from operating activities | 1,098.78 | (171.97) | 926.82 |
| Net cash (used in) / generated from investing activities | (6,382.93) | 292.51 | (6,090.41) |
| Net cash used in financing activities | 4,979.56 | (120.54) | 4,859.02 |
| Net increase/(decrease) in cash and cash equivalents | (304.58) | - | (304.58) |
| Add: Cash and cash equivalents at the beginning of the year | 319.83 | - | 319.83 |
| **Cash and cash equivalents at the end of the year** | **15.24** | - | **15.25** |

DA Toll Road Company Limited

Notes to Financial Statements

Notes to First time adoption of Ind AS

Note (i) - Application of service concessionaire arrangement as per Appendix A of Ind AS 11

Appendix A of Ind AS 11 'Service Concessionaire Arrangement' is applicable to the Company which provides guidance on accounting by the operators of public-to-private service concession arrangements under which private sector entities participate in the development, financing, operation and maintenance of infrastructure for provision of public services. The Company is engaged in to Design, Build, Finance, Operate and Transfer (DBFOT) basis the toll roads including operation and maintenance thereof during the concession period. After the expiry of the concession period the Company is required to handover the infrastructure i.e. the toll roads to the grantor i.e. National Highway Authorities of India (NHAI).

As per the salient feature of the concession arrangement, the operator has a twofold activity based on which revenue is recognized in the financial statements which is in line with the requirement of Appendix A of Ind AS 11

- a construction activity in respect of its obligation to design, build and finance an asset that it makes available the grantor : revenue is recognized on a stage of completion basis in accordance with Ind AS 11 during the construction phase of the toll roads,
- an operating and maintenance activity in respect of the assets under the concession during the operational : revenue is recognized in accordance with Ind AS 18.

In return of its activities, the Company receives consideration from users of toll roads as right to receive toll for usage of toll roads in consideration for the financing and construction of the infrastructure for which an intangible assets is recognized in the financial statements. Also as per the concession arrangement part of the project cost is covered by an unconditional right to receive payments from the grantor i.e. NHAI which has been recognized as 'Grant receivable from NHAI' under the head 'financial asset' and intangible assets has been recognized to the extent of unguaranteed balance, of which the amount is dependent on the extent of use of the infrastructure. Retrospective application of 'Service Concessionaire arrangement' has led to change in the accounting policy of the Company as on the transition date for classification, recognition and measurement of construction of assets and maintenance obligations under the service concession arrangements.

On account of above, impact of financial assets recognised under concessionaire arrangement (net of discounting) resulting in increase in Total Equity of ₹ 60.67 million as at March 31, 2016 and ₹ 12.92 million as at April 1, 2015 and increase in profit of ₹ 47.75 million for the year ended March 31, 2016.

Moreover there has been decrease in intangible assets and decrease in total equity, arising on account of application of service concession arrangement, of ₹ 175.73 million as at March 31, 2016 and ₹ 129.38 million as at April 1, 2015 and increase in loss of ₹ 46.35 million for the year ended March 31, 2016.

Note (ii) - Recognition of deferred tax assets/liability as per Ind AS 12

Ind AS 12 requires an entity to recognize deferred tax using balance sheet approach, which is based on the temporary differences between the tax base of an asset or liability and its carrying amount in the financial statements. Deferred tax is provided in full for all temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. The Company recognizes deferred tax assets for all deductible temporary differences including unused tax losses carried forward to the extent that it is probable that taxable profits would be available against which the deductible temporary differences can be utilized.

Under Indian GAAP deferred tax was recognized based on income approach and deferred tax assets in case of unused tax losses carried forward are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same. Hence on account of above deferred tax assets were not recognized under the Indian GAAP.

On account of above there has been increase in deferred tax asset (net) resulting in increase in Total Equity by ₹ 135.32 million as at March 31, 2016 million and ₹ 94.99 million as at April 1, 2015 and increase in profit ₹ 40.33 million for the year ended March 31, 2016 mainly on account of Ind AS adjustments pertaining to retrospective application of service concession arrangement and deferred tax asset recognized for unused tax losses carried forward as per Ind AS 12.

Note (iii)- Classification of subordinate debt Instruments (in nature of equity)

Ind AS 32 requires classification of financial instruments issued into financial liabilities or equity. Subordinate debt instruments issued do not meet the definition of a financial liability, as the terms do not cast a contractual obligation on the the Company to make any payment of principal and accrued interest thereon in cash or other financial asset. Further, since the instruments are non-convertible, the Company is not required to settle the contracts by issuance of their own equity instruments.

Under Indian GAAP, these instruments are reported as borrowings.

On account of above there has been increase in total Equity of ₹ 2,602.85 million as at March 31, 2016 and ₹ 2,876.55 million as at April 1, 2015 with a corresponding decrease in borrowings.

Note (iv) - Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. The same is recognized as interest as part of the effective interest rate method over the period of the borrowing. Under Indian GAAP, these were capitalised to intangible assets as per AS 16 'Borrowing cost' as and when incurred.

Note (v) - Discounting of Retention money

Ind AS 109 requires financial instruments to be measured at fair value at initial recognition in case for financial liability not at fair value through profit or loss, however if the fair value of the financial liability at initial recognition differs from transaction price i.e. fair value of the consideration given or received than the entity shall recognize the instruments at its fair value. In the present case the Company has discounted the retention money payable in order to reflect the fair value of the retention money at initial recognition. After initial measurement subsequently the liabilities would be recognized at amortised cost

Under Indian GAAP retention money was recognized at historical cost and no discounting was required to be done.

DA Toll Road Company Limited
Notes to Financial Statements

## Note 33: Assets pledged as security

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

₹ Millions

| Particulars | Notes | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|---|
| **Current** | | | | |
| **Financial assets** | | | | |
| *First charge* | | | | |
| Cash and cash equivalents | 5a | 440.16 | 15.24 | 319.83 |
| Other Financial Assets | 5b | 1,167.83 | 549.41 | 0.62 |
| **Non-financial assets** | | | | |
| *First charge* | | | | |
| *Other Curmet Assets* | 7 | 120.55 | 107.02 | 284.04 |
| **Total current assets pledged as security** | | **1,728.54** | **671.67** | **604.49** |
| **Non-current** | | | | |
| *First charge* | | | | |
| Intangible assets | 4 | 17,538.41 | - | - |
| Intangible assets under development | 4 | 1,596.19 | 12,777.87 | 6,719.41 |
| *Other Non Finaincial Assets* | 5c | - | 142.66 | 311.41 |
| *Other Non Curmet Assets* | 6 | 222.45 | 1,294.41 | 2,276.40 |
| **Total non-current assets pledged as security** | | **19,357.05** | **14,214.94** | **9,307.22** |
| **Total assets pledged as security** | | **21,085.59** | **14,886.61** | **9,911.71** |

Note 34 - Earning Per Share

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Profit / Loss attributable to equity shareholders (Rs Millions) (A) | 127.30 | 1,103.07 |
| Weighted average number of equity shares for basic and diluted earnings per share (B) | 90,18,000 | 90,18,000 |
| Earnings / (Loss) per share (Basic and diluted) (Rupees) (A/B) | **14.12** | **122.32** |
| Nominal value of equity shares (Rupees) | 10.00 | 10.00 |

Note 35 - Auditor Remuneration

₹ Millions

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Audit Fees | 0.36 | 0.29 |
| Certification Fees | 0.13 | 0.05 |
| Out of pocket Expenses | 0.04 | 0.06 |
| | **0.53** | **0.39** |

Note 36 - Contingent liabilities and Commitments

₹ Millions

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| Commitments<br>Estimated value of capital contract remaining to be executed for construction of toll roads ( net of advance) | 6,454.05 | 11,684.29 | 16,690.58 |
| Contingent liabilities | - | - | - |

Note 37 - Statement of cash received and deposited during demonitisation period

₹ Millions

| Particulars | Specified bank notes | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 8.69 | 0.00 | 8.69 |
| (+) Permitted receipts | 47.41 | 66.97 | 114.38 |
| (-) Permitted payments | - | - | - |
| (-) Amount deposited in bank | 56.10 | 58.64 | 114.74 |
| **Closing cash in hand as on 30.12.2016** | - | 8.33 | 8.33 |

Note 38 - Consequent upon the de-monetisation of currency notes by 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 8, 2016 in this regard. Amount of Rs. 67.25 million claimed, being contractually enforceable and certain of recovery, has been recognised as Income. As at March 31, 2017, ₹ 6.50 millions was receivable and disclosed under Other Financial Assets – Current.

Note 39 - Borrowing cost capitalised during the year ₹ 508.43 Million (previous year : ₹ 469.39 million.
The capitalisation rate used for capitalisation is 37.05 % from October 1, 2016 onwards and 100% upto September 30, 2016

Note 40 – Events after reporting year

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

**DA Toll Road Private Limited**
**Notes to Financial Statements**

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

As per our attached report of even date

**For TR Chadha & Co LLP**
Chartered Accountants
*Firm Regn. No. 006711N/N500028*

**Pramod Tilwani**
Partner
Membership No. : 76650

Date: 19/4/17
Place: Mumbai

**For and on behalf of the Board**

**Kaushik Pal**
Director
DIN:05237230

**Madan Biyani**
Director
DIN:07130371

**Srilatha Gopal**
Company Secretary

Date:
Place: Mumbai